No Panacea
In Bookkeeping Changes—p. 9

Why RRs Should Spend More . . . p. 28

RAILWAY AGE

MAY 27, 1957 • THE INDUSTRY'S NEWSWEEKLY



Men Who Build the Future of American Railroads

"Progressive railroading is allied with the progressive bituminous coal mining industry in the exciting job of placing America's most abundant natural resource at the service of the nation—and the Free World. The alert mining industry, aided by mechanization, is able to meet the steadily rising demand for coal for electric power production, steel making and other increased uses, both at home and abroad. With modern Diesel motive-power, we are moving overseas export coal at the world's lowest land transportation rate—*less than one cent a ton a mile.* And the railroads, allied with coal producers and shippers and the men who work in the coal mines, have already put in service the first vessels of a large fleet of ships to move this vital cargo to the nations of the Free World."

W. J. TUOHY, President, Chesapeake & Ohio Railway Co.

General Motors locomotives play an equally significant role in moving high-speed merchandise freight trains on the fully Dieselized Chesapeake and Ohio. The General Motors fleet on the C. & O. now totals 837 units aggregating 1,309,950 horsepower.

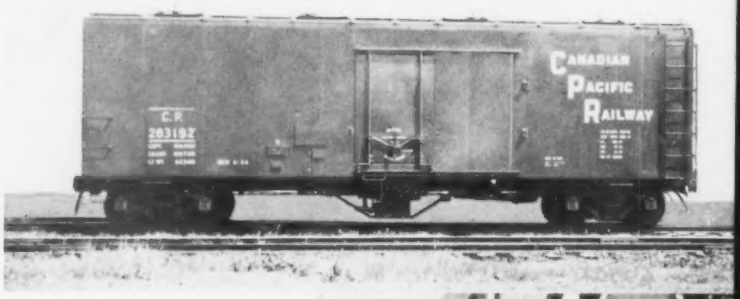
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LA GRANGE, ILLINOIS • *Home of the Diesel Locomotive*
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. . . . . and this is the Brake-X equipped refrigerator car assigned by Canadian Pacific to participate in the most comprehensive series of continuous road tests thus far undertaken by a selected group of U. S. and Canadian railroads.



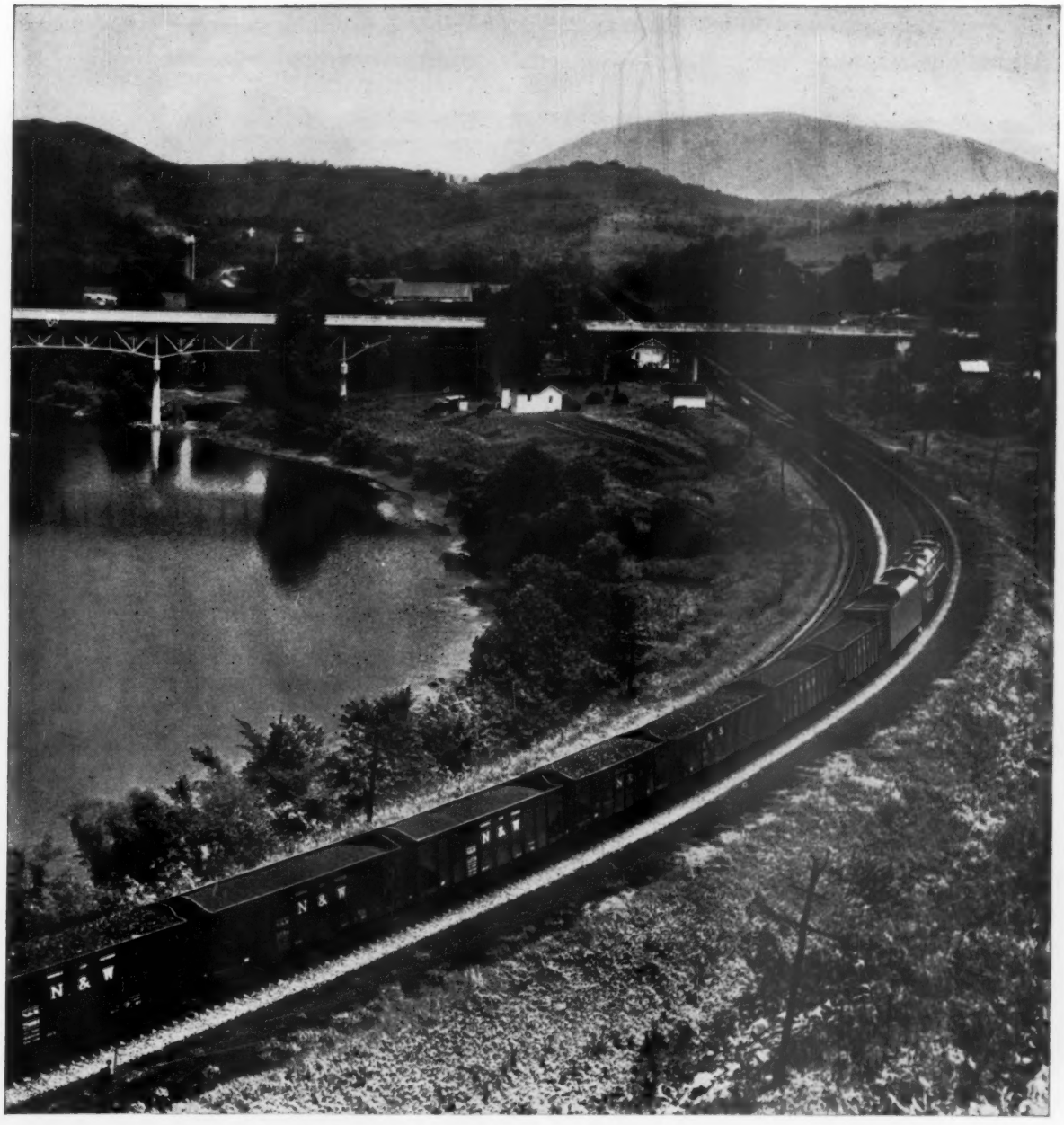
With the opportunity to show its mettle in coast-to-coast service, the single disc mechanical Brake X on this group of cars is expected to operate over heavy grades and tremendous distances in every conceivable kind of weather. That is why the ultimate findings of this group test project would, indeed, be incomplete and inconclusive without the participation and cooperation of the railroads of Canada.

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Coal rides high on the Norfolk and Western

And to keep pace with coal's resurgence, this progressive railway is in the midst of a huge car-building program. Several thousand new or rebuilt hopper cars are included in this undertaking. For many years, N&W has made heavy use of the corrosion-resisting property of Mayari R high-strength, low-alloy steel. By using Mayari R wherever the lading comes into contact with the body, the hopper car's life is substantially extended and maintenance costs reduced. Catalog 353 describes this and other features of Mayari R in considerable detail and with dozens of interesting photographs. May we send you a copy?

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RAILWAY AGE The Industry's Newsweekly

Vol. 142, No. 21
May 27, 1957

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Railway Age, established in 1856, is a member of the Audit Bureau of Circulation (A.B.C.), the Associated Business Publications (A.B.P.) and the Railway Progress Institute (R.P.I.). It is indexed by the Industrial Arts Index, the Engineering Index Service and the Public Affairs Information Service. Name registered in U.S. Patent Office and Trade Mark Office in Canada.

Published weekly by the Simmons-Boardman Publishing Corporation at Orange, Conn., and entered as second class matter at Orange, Conn. James G. Lyne, president, Arthur J. McGinnis, executive vice-president and treasurer. F. A. Clark, vice-president and secretary.

PAID CIRCULATION THIS ISSUE ...14,714

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Week at a Glance

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Do the ICC's accounting requirements need overhaul? What's been the effect of the fast write-off program? Here's a roundup of important viewpoints on this hot topic.

Western roads dig out from storm havoc p.10

Tornados, violent rains and resultant floods snarled traffic and communications leaving a still-unestimated damage bill in their wake.

Railroads should spend a lot more p.28

But they lack the capital they need, as J. M. Symes sees it. Operating at capacity of shrinking facilities, they must have the right to abandon hopeless services and the freedom to adjust prices.

Atoms and turbine for the future p.31

Not designed for "long hair" research, the New York Central's new test center is scene for pay-off probes into a new gas-turbine locomotive, new fuels, nuclear potentialities, and paint and lube oil improvement.

Repair and rebuild—or buy new? p.33

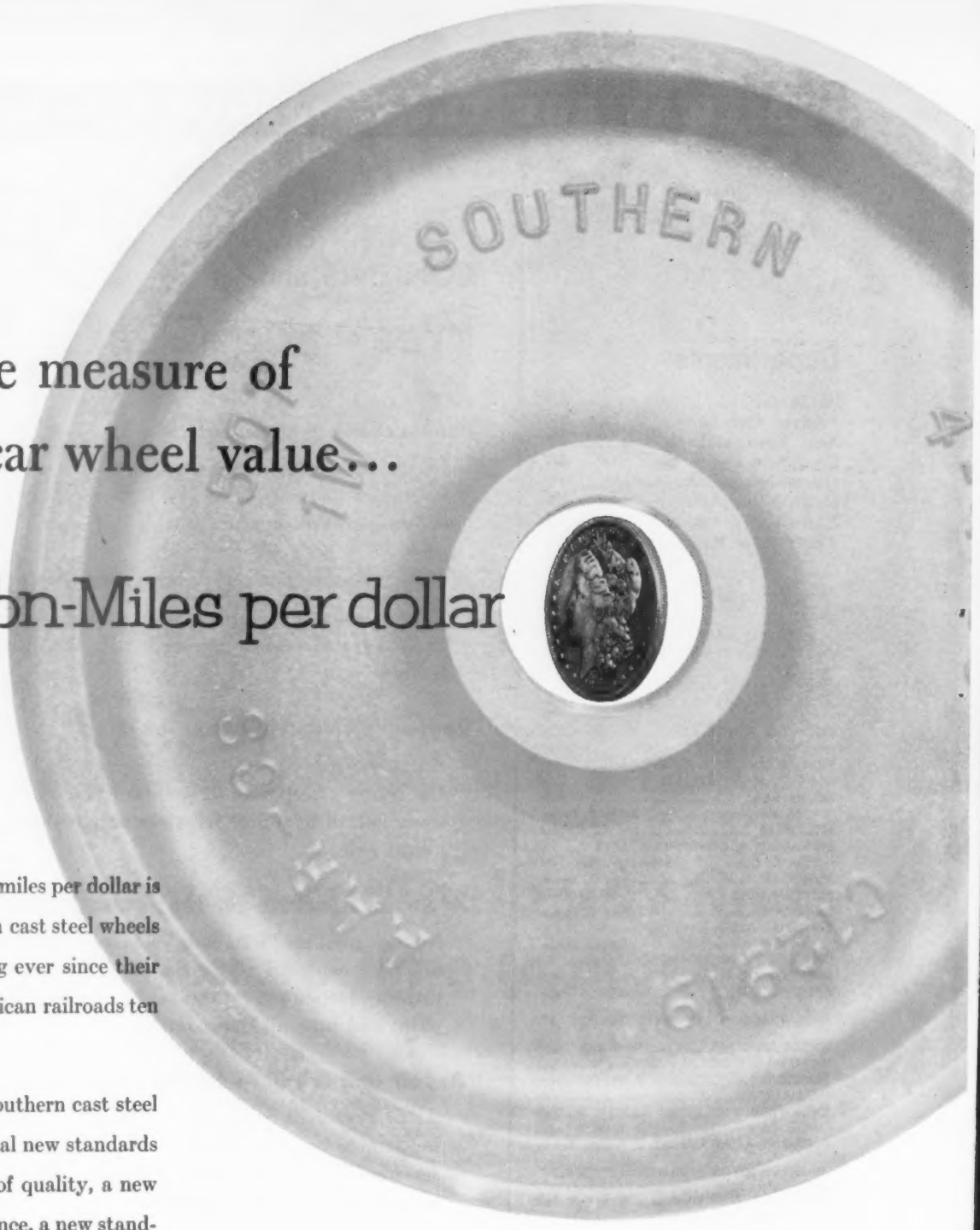
ARCI President Selig sees it this way: The multi-million dollar gamble involved should force railroads to decide if added service life justifies repair expense and whether post-repair upkeep costs will be reasonable.

Case of the 'burning' trestle p.34

Not "whodunnit?" but "what does it?" A see-for-yourself photo sequence shows how injection of flame suppressant in a timber bridge limits effects of 1,500 degree flames to surface charring.

To save—spend; to compete—fight p.37

How to get your money's worth with costs skyrocketing is the theme of the Purchases & Stores Division meeting.



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More Ton-Miles per dollar

Delivering more ton-miles per dollar is the job that Southern cast steel wheels have been performing ever since their introduction to American railroads ten years ago.

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Current Statistics

Operating revenues, three months	
1957	$2,574,640,178
1956	2,535,561,742
Operating expenses, three months	
1957	$2,022,062,144
1956	1,981,503,801
Taxes, three months	
1957	$271,500,619
1956	269,326,709
Net railway operating income, three months	
1957	$213,857,758
1956	218,900,246
Net income estimated, three months	
1957	$161,000,000
1956	163,000,000
Average price 20 railroad stocks	
May 21, 1957	92.36
May 22, 1956	104.52
Carloadings revenue freight	
Nineteen weeks, 1957	12,765,586
Nineteen weeks, 1956	13,499,212
Average daily freight car surplus	
Wk. ended May 18, 1957	17,833
Wk. ended May 19, 1956	6,894
Average daily freight car shortage	
Wk. ended May 18, 1957	711
Wk. ended May 19, 1956	6,679
Freight cars on order	
May 1, 1957	105,190
May 1, 1956	137,436
Freight cars delivered	
Four months, 1957	34,210
Four months, 1956	20,972
Average number railroad employees	
Mid-April 1957	992,593
Mid-April 1956	1,048,965

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Week at a Glance CONTINUED

The Action Page—Who hauls the canned goods? . p.46

Data on this one commodity shows the truckers getting the short-haul volume with the over-200-mile business going to the railroads. The industry needs more such statistics to get a sharp focus on the whole transport market.

SHORT AND SIGNIFICANT

Increased demurrage charges . . .

have been further delayed, at least until July 1. The railroads agreed to a postponement from June 1 at the request of the ICC. The case involving the proposed increases is now before the commission for decision.

Economic chaos . . .

for industry and agriculture is predicted by the president of the American Waterways Operators if the present national transportation policy is changed. Legislation to limit ICC rate-making powers, he says, "would mean a return to the law of the jungle."

Banker's gray replaces blue serge . . .

for conductor-trainmen uniforms on the Rio Grande. The new uniforms, with a "Navy officer" style cap and three-button, single breasted coats were designed by the men who wear them.

Is Uncle Sam anti-union? . . .

We hear that one of the mail contracts—for taking mail off trains and putting it on trucks—called for total payment to the trucker which would not be enough to cover the cost of union wages for his drivers.

Transportation on stamps . . .

was the subject of a colorful exhibit recently shown in Houston, Tex., as part of the Post Office Department's observance of National Transportation Week. The exhibit is available for display in other cities in connection with community transportation events.

500 Bibles . . .

have been presented to the New York Central by the Gideons International. One of the Bibles will be placed in each Pullman and lounge car of NYC trains.



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RAILWAY AGE
The Industry's Newsweekly

Bookkeeping Changes No Cure-All

Many proposals to modify practices are being advanced—Railroads defend ICC requirements, but would welcome some changes for income-tax purposes

Suggestions for modifying railroad depreciation-accounting practices have been breaking out all over—and the predominant railroad reaction to them is that the changes suggested are no panaceas.

They have come from a committee of the American Institute of Accountants, a public accounting firm, and other students of railroad financial reporting. They have engaged the attention of congressional committees and drawn a couple of proposed orders from the Interstate Commerce Commission.

Railroad comment generally has been in defense of present ICC requirements, although the carriers, no doubt, would welcome some changes for income-tax purposes. Among proposed modifications are those designed to effect these changes:

1. Equalize income taxes over the service life of facilities written off in five years under accelerated-amortization arrangements.
2. Provide depreciation accounting for track items.
3. Set up, from charges to operating expenses, a capital-maintenance reserve as a supplement to the depreciation reserve.
4. Write off railroad facilities over shorter service lives than are now used.
5. Alter the adjustment for past accrued depreciation which was made for income-tax purposes when the railroads converted from retirement to depreciation accounting for their fixed property some 15 years ago.

The proposal to equalize income taxes over the service life of facilities given fast-write-off treatment came from Arthur Andersen & Co., a public accounting firm, and then from the AIA committee. The idea was rejected a second time by the ICC early this year.

The rejection affirmed a 1951 commission decision which stipulated that carriers could include in operating expenses only "normal" depreciation charges on property covered by accelerated-amortization certificates. The ruling, of course, applied only to reports to the commission, and did not end fast-amortization accounting for income-tax purposes (Railway Age, Jan. 7, p. 10).

Arguments in support of the equalization proposal were made in Andersen's unsuccessful petition to the ICC, and at hearings before a subcommittee of the House's Government Operations Committee. They are to the effect that federal income taxes deferred as a result of fast amortization have caused the net income of many roads to be overstated in recent years. Other businesses, the argument continues, "are not allowed to report such material overstatements of income to their stockholders and the public."

The ICC's determination was based to a large extent on practical considerations, such as the prospective task of making adjustments in railroad accounts of the past. The commission conceded that its original decision might have been different if it could have foreseen the extent of the fast-amortization program. As to contentions that investors are misled by present railroad reports, the commission cited statements of the Association of American Railroads which asserted that "those directly concerned" are well aware of the situation.

This AAR position was further developed in testimony offered to the House subcommittee by A. R. Seder, the association's vice-president in charge of the Finance, Accounting, Taxation, and Valuation Department. Noting that a "substantial part" of the railroad industry was in disagreement with the ICC ruling when it was made originally six years ago, Mr. Seder pointed up the current situation with this statement:

"Whether or not the commission's ruling, at the time it was made, was proper is not now in issue, although there are certainly arguments in its favor. That tax deferral was involved is plain, but in precisely what amounts is speculative. The amounts, of course, depend upon what the tax rates may be over the remaining life of the amortized property and upon the level of net income during this same remaining life. . . . Moreover, the fact that nondepreciable property

NEW CAR-ORDER TECHNIQUE USED BY D&H-BETHLEHEM STEEL

In response to repeated suggestions from the car-building industry that railroads place their car orders on a regular basis, the Delaware & Hudson has entered into a novel equipment-purchase contract with the Bethlehem Steel Company. The railroad has placed with Bethlehem an order for 1,000 seventy-ton hopper cars—200 to be delivered by the builder in each of the next five years. In consideration for this long-term contract, the builder accords to the railroad, after the first 200 cars, a discount under the basic unit price for the remaining 800 cars—this discount increasing in each of the last three years of the contract.

An "escalator clause" protects both the buyer and the builder, in the event of upward or downward movement in the cost of labor and materials—but the agreed-upon discount from the basic price will not be affected by this clause.

Financing will be arranged by the railroad at the time of delivery of the cars—and, from present indications, will probably be paid from current cash.

was certified for amortization further complicates the picture. . . .

"The question is whether the ruling should be changed more than five years after its issuance, and after six years' accounts have been closed and reported upon to the public in conformity with the ruling."

The railroad industry neither supports nor disagrees with the Andersen-AIA view that the tax-reserve method is "sound accounting," Mr. Seder also said, adding: "Our position relates to the practicalities of the timing." The AAR vice-president went on to note how the AIA committee made plain that it did not go into all ramifications, but confined itself to the "narrow area" of what is sound accounting practice.

A typical view of a professional railroad accounting and finance officer to the criticisms and proposed changes in ICC accounting is that of John E. Kusik, vice-president of the C&O. He said:

"When I think of accounting systems, I think of the ICC system and another system maintained in accordance with commonly accepted accounting principles. These systems are like two general-purpose cameras, for the purpose of taking pictures of financial realities. There is one job these cameras do well—that of routine accounting for day-to-day expenditures. Another job that both cameras do very poorly is that of accounting for fixed property which has a long useful life.

"It was suggested here by one witness that these systems have a more important use—that they are valuable for management decision-making. This isn't so. I cannot think of a single major decision that we make by going back to these accounts. There is no single accounting system that anybody can devise that will serve all the purposes of investors, management, and government agencies. Vast additional data of all sorts are necessary to keep these folks properly informed."

Mr. Kusik went on to say that all accounting systems tend to overstate earnings in an inflationary period such as the present. Some people look on rapid amortization as an interest-free loan to a railroad. "Why, then, shouldn't we take the interest saving on this loan, and consider it as one of the offsets against overstatement of earnings?"

Mr. Kusik believes that depreciation accounting (instead of present replacement accounting) for track would inflate earnings. On the C&O this proposed change in accounting would result in showing earnings of $1 more per share.

"This would be a wrong method of accounting, because it would be ignoring inflated costs, putting them into the capital account."

"The witness who suggested that depreciation accounting would lead managements to do a better job insults the intelligence of all competent managements. The ICC system does not produce greater overstatements of earnings than other accounting systems. Vast amounts of additional data are needed to keep managements and investors informed."

As for the "little guy" who might be misled by too much reliance on ICC figures, Mr. Kusik said "he has no more business making these investment decisions on his own than an accountant would have in designing and building a bridge."

The AAR position was supported by another presentation made to the House subcommittee by Pierre R.

(Continued on page 44)

Western RRs Dig Out from Storm Havoc

Ready to dig in again, though, with more tornados, violent rains threatened—Damage cost still can't be estimated

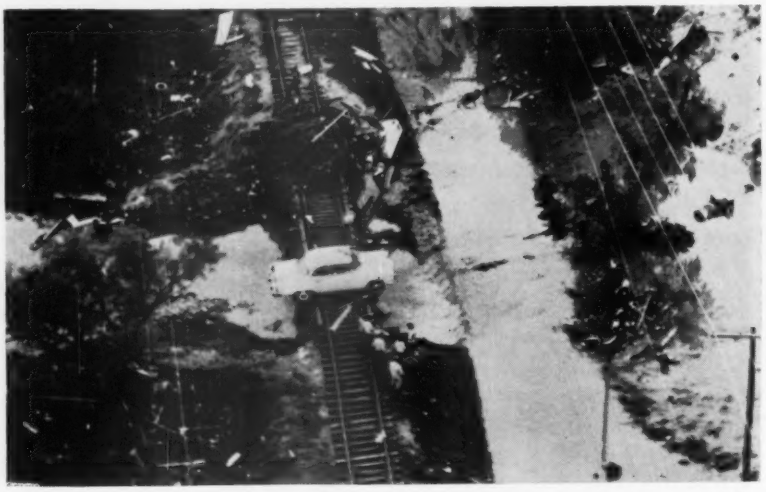
High water and high winds buffeted the western half of the country last week causing widespread disruption of train service and damage to railroad property.

Floods, particularly in the Oklahoma and Texas regions, washed out roadbed and bridges and inundated other facilities. Tornados swept Kansas, Missouri, Nebraska, Oklahoma and Texas leaving uprooted pole lines and toppled station buildings in their wake.

The rampaging Cimarron river washed out approaches to the Rock Island's bridge at Dover, Okla., but service was maintained by detouring traffic over the Frisco. As this issue went to press, flood waters at this point were receding and repair work was under way.

The Santa Fe, too, had a bridge out of service over the Cimarron, halting traffic over the MKT's Osage-Oklahoma City line, as well as its own trains. The threat of new floods, rapidly rising waters, and the tremendous task of cleaning up and restoring service in areas which had been inundated, hampered any appraisal of just how extensive was the overall damage to SF lines.

In some areas, it was reported, it had not been possible to get engineering parties to the scene to survey flood damage. At various times during the emergency, the Rock Island, Frisco, Santa Fe and MKT were forced to route their traffic over each others' lines as one line would be restored to service only to have another washed out. The Santa Fe reported it would be several days, at least—and without rain—before anyone had a chance



DEBRIS, including this automobile, washed onto and against Santa Fe bridge at Lampasas, Tex., turned trestle into a dam, backing up rain-swollen Sulphur creek to flood nearby area. Similar scenes were common.

to total up the overall damage and be able to say just how many washouts occurred.

The Frisco, meanwhile, told Railway Age it had sustained "considerable difficulties from high water and floods in the northern, western and southwestern divisions." No estimate of total damage was yet available and the situation was continuing. The road reported that service was disrupted between Beaumont, Tex., and Enid, Okla., where the track was washed out in 20 locations. At the crossing of the Cimarron river between Ames and O'Keene, south of Enid, 28 panels of bridge were washed out. The road announced that other washouts occurred at various points in Oklahoma and Kansas, "with still further difficulties expected."

The Burlington reported numerous washouts caused by overflowing rain-swollen streams. North of Denver, Colo., and in Denver itself, the road suffered a number of washouts and some slight bridge damage as over 3½ in. of rain fell in one 24-hr period. In Texas, two bridges were reported washed out on the FW&D, with four others damaged and some roadbed washed out. Ten wire line poles were lost in a tornado at Silverton, Tex., on May 15, but this was mild; 3,000 ft of pole line was completely destroyed by a tornado at Milford, Neb., April 23.

At Lampasas, Tex., flood waters of rain-swollen Sulphur creek devastated 90% of the town's business district with a 10-ft wall of water which drowned four persons and lifted the Santa Fe station completely off its foundation.

A tornado swept through the southern suburbs of Kansas City, Mo., at 7:40 p.m. May 20, completely disrupting all communications and electric power. It killed more than 34 persons. The twister toppled the Missouri Pacific's 16-ft by 40-ft depot and overturned a box car at Martin City, Mo., where a grain elevator was reported 70% destroyed. In addition, it was reported from Martin City that between 75 and 100 poles were down, the section and tool houses "had blown away," and a newly installed CTC case was demolished in a twister which destroyed nearly 50% of this town. Some delays were encountered to trains on the MP's St. Louis-Joplin run. No estimate had yet been made by the railroad as to the amount of property damage.

The Southern Pacific reported a washout at Comstock, Tex., on May 11 where 78 ft of roadbed was washed away to a depth of 30 ft. The line was reopened for service the following day. Minor washouts also occurred on some SP branch lines in Texas.

The MKT said three washouts disrupted service on its lines in Oklahoma but that, with the exception of the Osage-Oklahoma City line, all were now back in service.

The Texas & Pacific advised service had been temporarily delayed but not disrupted due to high water conditions between Zimmerman, La., and Boyce, with no serious damage.

The U.S. Weather Bureau, meanwhile, forecast continued showers and thunderstorms for sections of Texas, Oklahoma, Kansas, Nebraska and Missouri.



Paul J. Neff



Russell L. Dearmont

Dearmont Gets Top MoPac Post

Fifteen months clear of record-long bankruptcy proceedings, the Missouri Pacific has emerged from its 1957 annual meeting with a new president (Russell L. Dearmont), a new board chairman (Paul J. Neff), and a vocal minority on its board of directors (T. C. Davis).

These names were in the news last week following the initial meeting of the road's new directors in St. Louis. First action by the new board was to create a new position, board chairman, and to name Mr. Neff to the post; and elevate Mr. Dearmont, vice-president and general counsel, to the presidency, succeeding Mr. Neff.

Dissenting voice to these actions came from Mr. Davis, a board member who retained his directorship following a sharp six-weeks proxy campaign (Railway Age, May 20, page 7).

According to Mr. Davis, Mr. Neff, at 72, "should retire." Mr. Dearmont, Mr. Davis added, is "not competent as a financial man and a railroad man to run our railroad." Instead, the road should seek a "very able operating man," Mr. Davis declared.

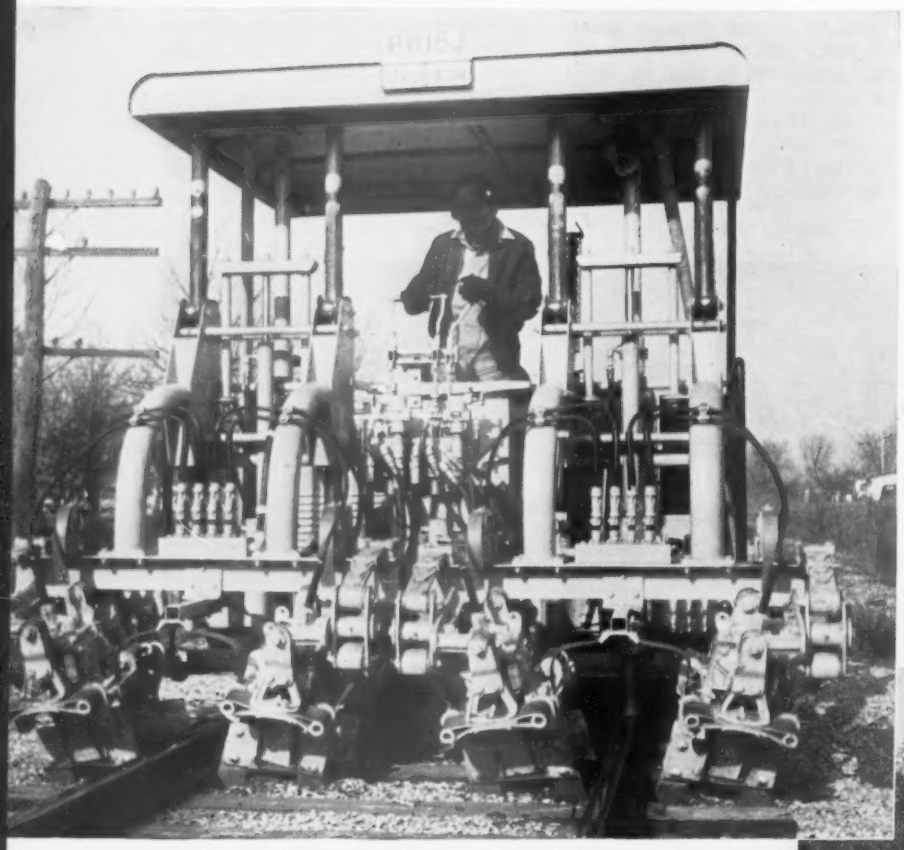
The proxy campaign which placed Mr. Davis on the MP's new board was settled at the annual meeting two days earlier. Mr. Davis, a director not renominated by management, had led a four-man insurgent group seeking "watchdog" representation on the board. The group captured only one seat, however, and failed in court to block the road's system of electing directors on a staggered basis.

Meanwhile, Mr. Neff's move from the presidency was not unexpected. As early as March of last year, when the road emerged from bankruptcy, Mr. Neff advised the board of his age but agreed to serve in order to give the directors a chance to get acquainted with the company. Mr. Neff already had spent 10 years as chief executive officer for Trustee Guy A. Thompson.

During Mr. Neff's career as top executive the MP became a superb railroad physically. Some $342 million was spent on capital improvements including diesels, freight cars and classification yards, better track, and mechanized accounting and maintenance procedures.

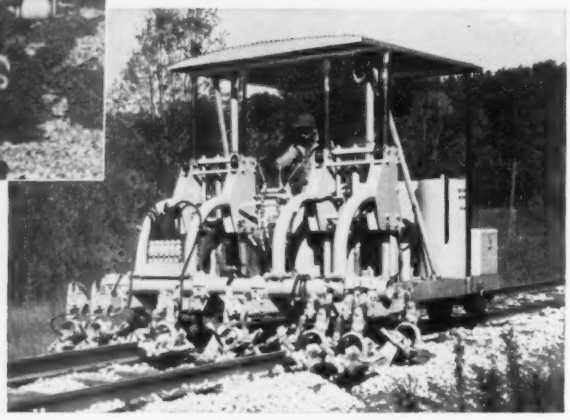
Mr. Dearmont, who is 66, joined the MP's law department in 1930 and became general counsel for the trustee in 1936.

He was named vice-president and general counsel when the road was reorganized. He conducted this year's annual meeting for Mr. Neff, who has been ill.



THE JACKSON TRACK MAINTAINER — unmatched for both putting up and maintaining track of finest quality in an unlimited range of conditions.

THE NEW JACKSON MULTIPLE, relatively inexpensive on-track tamper that's unrivalled for low cost and uniformly fine tamping in all operations involving medium to high lifts or any lift equal to, or greater than largest ballast used.



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From the shops of

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tamping SPECIALISTS, comes the best answer to EVERY TAMPING REQUIREMENT!

The very high regard in which Jackson Tampers are universally held is the result of our many years of specialization in the manufacture of this type of equipment . . . over 35 years of continuous and intensive study of the tamping needs of railways throughout the nation and the devotion of all our energies to the production of tampers which do the job better, faster and more economically. Isn't it logical that the best answer to YOUR tamping requirements should be found here? It sure is, and we're confident we can prove it to your entire satisfaction! We'll welcome the opportunity of conferring with you on any tamping problem.

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MARKET OUTLOOK THIS WEEK

Slight Drop in Carloadings From Previous Week

Loadings of revenue freight in the week ended May 18 totaled 722,521 cars, the Association of American Railroads announced on May 23. This was a decrease of 871 cars, or 0.1%, compared with the previous week; a decrease of 56,476 cars, or 7.2%, compared with the corresponding week last year; and a decrease of 47,358 cars, or 6.2%, compared with the equivalent 1955 week.

Loadings of revenue freight for the week ended May 11 totaled 723,392 cars; the summary, compiled by the Car Service Division, AAR, follows:

REVENUE FREIGHT CAR LOADINGS
For the week ended Saturday, May 11

District	1957	1956	1955
Eastern	112,436	123,927	126,039
Allegheny	141,299	160,580	150,970
Pocahontas	65,331	63,274	60,920
Southern	121,945	130,931	117,762
Northwestern	116,144	124,093	121,154
Central Western	113,399	117,290	118,615
Southwestern	52,838	57,511	57,185
Total Western Districts	282,381	298,894	296,954
Total All Roads	723,392	777,606	752,645
Commodities:			
Grain and grain products	47,561	50,756	48,726
Livestock	6,174	6,747	7,276
Coal	133,847	139,781	122,801
Coke	11,478	13,315	11,625
Forest Products	39,778	45,454	44,553
Ore	78,001	86,006	74,002
Merchandise l.c.l.	54,684	60,336	61,527
Miscellaneous	351,869	375,211	382,135
May 11	723,392	777,606	752,645
May 4	718,924	770,558	736,904
April 27	690,789	779,977	725,900
April 20	686,950	763,437	701,432
April 23	673,964	742,053	670,304
Cumulative total, 19 weeks	12,765,586	13,499,212	12,563,112

IN CANADA.—Carloadings for the seven-day period ended May 7 totaled 79,273 cars, compared with 106,653 cars for the previous nine-day period, according to the Dominion Bureau of Statistics.

	Revenue Cars Loaded	Total Cars Rec'd from Connections
Totals for Canada:		
May 7, 1957	79,273	32,790
May 7, 1956	87,085	34,201
Cumulative Totals:		
May 7, 1957	1,300,100	599,882
May 7, 1956	1,394,872	634,028

New Equipment

FREIGHT-TRAIN CARS

► *Atlantic Coast Line.*—Two of nine 125-ton flat cars recently ordered from ACY's Waycross, Ga., shop have been delivered; other cars are scheduled to be completed next September or October; approximate unit cost is $30,000.

► *Delaware & Hudson.*—Ordered 1,000 70-ton hopper cars, Bethlehem Steel, 200 units will be delivered in each of next five years (see box on p. 9).

► *Union Tank Car Co.*—Ordered 10 8,000-gal. and 13 10,000-gal. tank cars, company shops, for delivery in fourth quarter 1957 and first quarter 1958.

► *Western Pacific.*—Ordered 100 50-ft insulated DF cars equipped with roller bearings, Pacific Car & Foundry, and 75 70-ton drop-bottom gondola cars, ACF Industries.

LOCOMOTIVES

► *Argentina, India, Pakistan Order Alco Units.*—Export orders for 248 diesel units costing $56 million have been announced by Alco Products: Argentine State Railways ordered 130 1,800 hp DL-540 road switchers; India's railway board, 100 1,800 hp DL-500 "World" units; and the North Western of Pakistan, 18 additional "World" units.

► *491 New Units Installed in First Four Months.*—Class I railroads installed 491 new locomotive units (487 diesel-electrics and four electrics), in this year's first four months, compared with 535 units (all diesel-electrics), in comparable 1956 period, AAR reports; new locomotive units on order May 1 totaled 693 (663 diesel-electrics, 30 gas turbine-electrics), compared with 938 (911 diesel-electrics, 15 gas turbine-electrics, 12 electrics), on order May 1, 1956.

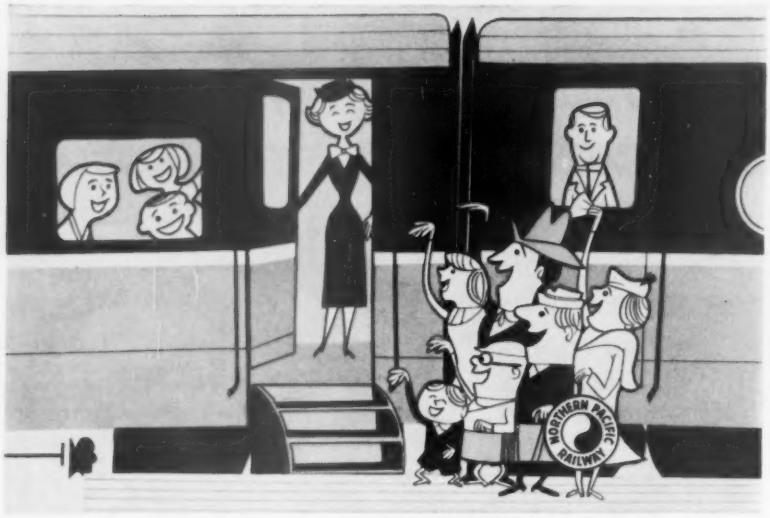
Maintenance Expenditures

► *Up 1% in March.*—Expenditures by Class I roads for maintenance of equipment, way and structures in March were up $2.8 million, compared with same month last year, according to report of ICC Bureau of Transport Economics and Statistics summarized below:

	Mar. '57	Mar. '56	% Increase
Maintenance of Way & Structures	115,650,407	115,318,288	.3
Maintenance of Equipment	164,690,595	162,180,316	1.5
Totals	280,341,002	277,498,604	1.0

New Facilities

► *Chicago & North Western.*—Constructing 15,000-sq-ft office building for potato and onion dealers at its Wood Street terminal in Chicago; building, which should be completed in September, will give carlot potato and onion dealers air-conditioned space at location where contents of cars are inspected and sold to the trade.



NP Sells Transportation with Animated Commercials

The Northern Pacific's use of animated television commercials to sell its transportation facilities is believed to be a first for the railroad industry. Six "spot" cartoons, telecast from the Twin Cities to Portland, Ore., point out the ease of railway travel, the NP's stewardess service and "Vista Dome" accommodations, as well as other NP services.

Communications Assigned Key Tasks

Along with customary papers and discussions of the technical aspects of their jobs, railroad communications men meeting at Toronto last week got a clear-cut picture of what it is they're supposed to do.

"What we are seeking," the Canadian Pacific's F. V. Stone told them, "is the means of using communications most effectively to produce good service and to obtain the most economic operating results."

A prime objective, he told them, is to achieve "higher utilization of equipment and staff." It's mainly a problem of coordination and supervision, and this, he said, is dependent on adequate communications and the proper use of information that good communications makes available.

Members of the AAR's Communications Section heard Mr. Stone, assistant to CPR President N. R. Crump, declare that what sounds like an elementary principle is not simple at all.

"We are dealing with communications effecting changes in methods of control. These involve changes in procedures and changes in relationships between individuals. Human beings tend to resist changes. Patience and persistence are needed to get the new procedures working smoothly and the new staff relationships accepted gracefully."

Mr. Stone cited yard radio use as an example of a time-consuming change of a traditional operation which, nevertheless, resulted in better utilization of equipment and staff.

Freight-car utilization is a hot issue right now, he continued, pointing to the CPR's new integrated data processing system (Railway Age, Mar. 18, p. 9), to show how communications can be important railway operational applications.

"A railway with its vast amount of paper work relating to car movements, freight billing and accounting, passenger ticketing, material handling and payrolls lends itself to the volume economics of IDP. The ability to manipulate, interpret and transmit quickly large quantities of data will assist materially in working out new and improved procedures leading to better utilization of equipment and to sharper administration and supervisory controls."

Automatic switching systems for printing telegraph was another topic of the meeting. One such system, recently introduced by the Canadian National and Canadian Pacific, was described by G. F. Barlow, general planning assistant, Canadian National Telegraphs.

"Direct connection for any two-way teleprinter conversation between subscribers within the network or with any similar Telex [telegraphic] network to which [circuits] are furnished" is made possible with this system, he said.

"This switching, fully automatic, uses conventional dials to initiate the call by the subscriber, and selector switches in the exchange, to establish the teleprinter channel connections," Mr. Barlow said.

"Telex switching systems," he stated, "while chiefly employed in toll subscriber service, are eminently suitable as private teleprinter systems for organizations having a large communications requirement. An excellent example of this is the German Federal Railway private Telex system which connects about 400 locations for railway administrative purposes. It is an entirely self-contained network operating over their own circuits."

The AAR section, which will meet at Kansas City next year, announced that employee training manuals covering three distinct fields of communications work will soon be available at a "low" price to encourage distribution among communications employees. They will cover fundamentals of electricity and electronics, various types of communications equipment, and radio.

Track Car-Push Truck Unit Subject to Appliance Acts

The United States Supreme Court has ruled that a track motor car and push truck coupled together are vehicles covered by the Safety Appliance Acts. The ruling was embodied in a 5-to-4 opinion announced by Justice Clark in a case docketed as No. 370, Baltimore & Ohio v. Daniel T. Jackson.

Jackson, a section foreman, was injured when thrown from the motor car as the two-car unit struck a dog near Gaithersburg, Md. He won in the lower courts and the case came to the Supreme Court on the B&O's appeal.

The railroad contended that the track cars, being "four-wheel cars," were exempt from the Safety Appliance Acts. The court rejected the contention, saying the controlling factor was the manner in which the vehicles were being used. It also said:

"In view of the history and purposes of the Safety Appliance Acts, and the literal language used by the Congress that they embraced 'any car' and 'any locomotive engine . . . hauling . . . any car,' together with the practical necessity of affording safety appliances to thousands of railroad maintenance employees, as well as the public, we conclude that the motor track car and hand car when used by the

petitioner in the manner employed here must be equipped in accordance with the Safety Appliance Acts."

The four dissenters were Justices Burton (who wrote the dissenting opinion), Frankfurter, Harlan and Whittaker.

Bi-State Agency Urged for NJ-NY Rail Commutation

Another proposal which would make rail commuter services a publicly financed function has been made —this time to the Metropolitan Rapid Transit Commission studying travel between downtown New York City and the suburbs.

Envisioned is creation of a New York-New Jersey Transport District which would take over commutation services of railroads serving the metropolitan area from New Jersey—including the West Shore branch of the New York Central. The railroads would continue to operate the trains and would be reimbursed for their out-of-pocket costs.

The rail lines would be linked to an extended arm of the New York City subways, which would loop through two tunnels under the Hudson river and into New Jersey. Terminal connections would be established with rail lines.

Cost of the proposal—made by a group headed by Arthur W. Page who directed a task force drafting the Cabinet Committee Transportation Report—was put at $400,000,000, including $55 million for new cars.

The Hudson & Manhattan tunnels would be partially rebuilt and new equipment would be acquired for this line and the rail lines. Anticipated deficits of $12 million annually would be offset by district taxes.

The plan does not include the Long Island and Westchester-Connecticut commuting areas. Reports are to be made on those areas later. The Commission will review the proposals and report to the New York and New Jersey governors by the end of the year.

Another development in a similar vein came at Quincy, Mass., last week when New Haven President George Alpert told a civic group that public subsidy is needed for continued operation of the New Haven's Old Colony branch serving Boston and surrounding communities. He said a railroad can't make commutation pay and shouldn't be expected to underwrite the losses.

He proposed a three-level plan for consideration: relief from municipal taxes, reasonably established fares, and subsidies from communities served.



Burlington Steps Up Service in Southwest

New trains begin operations between Denver-Colorado Springs and Fort Worth-Dallas on June 16, when the Burlington replaces existing "Texas Zephyr" equipment with completely refurbished cars from former "Denver Zephyr." Schedules are trimmed one hour each way, with early-afternoon departures in each direction. The new 12-car trains, semi-articulated and with low-center-of-gravity design, will feature a coach lounge, mid-train dining car and a full length parlor observation lounge.

C&NW Buys Litchfield & Madison

Ben W. Heineman announced at the Chicago & North Western shareholders' meeting in Chicago last week acquisition of 88% of the Litchfield & Madison's common stock.

The C&NW chairman set the purchase price at $8 million for 100% of the L&M's stock, which amounts to $7,040,000 for 88%. He expressed hope that the remaining 12% would "agree to sell."

A special C&NW stockholders meeting will be called later this year to approve merger of the two railroads. The acquisition, subject to ICC approval, would give the North Western a direct entry into East St. Louis.

The L&M extends from Litchfield, Ill., in a southerly direction to Madison and East St Louis, Ill. It connects with the C&NW at Benld, Ill., and has 44 miles of track, four locomotives, and 297 hopper cars.

Currently, C&NW-L&M interchange amounts to 43% of the L&M's total interchange business. Mr. Heineman pointed out that the L&M earned before taxes $1,100,000 last year and has paid dividends regularly since 1934.

It is expected the L&M will add about $1,600,000 to the C&NW's net income each year for the next five years, Mr. Heineman said. The difference is accounted for by C&NW's tax loss carry forward.

The purchase will be financed by a 5-year bank loan to be repaid in equal installments, he said.

C. J. Fitzpatrick, C&NW president, told shareholders the Wisconsin Public Service Commission had authorized the North Western to discontinue 18 passenger trains. Mr. Fitzpatrick said the trains would be removed some time early in July. The C&NW had requested discontinuance of 21 trains (Railway Age, Nov. 12, 1956, p. 13).

1956 Fire Losses Cost Roads Nearly $13 Million

Fire losses on American railroads—calculated on an average loss per mile basis—rose to a record of $48.25 per mile in 1956, the AAR reports. Comparable 1955 figure was $48.10.

Figures compiled by the Fire Protection and Insurance Section, Chicago, show that railroads in the United States and Canada had fire losses totaling $12,913,522 in 1956. The actual number of fires, 5,524, was slightly under the 5,687 reported for the previous year.

Largest single contributor to the dollar losses from fire was cotton. A total of 385 cotton fires (all causes) resulted in damage of $2,441,406 in 1956, according to the AAR figures.

Passenger Deficit Was $697 Million

Last year's passenger-service deficit of Class I line-haul railroads was $696.9 million, second highest on record.

It tops 1955's $636.7 million by 9.5%, and has been exceeded only by 1953's $704.5 million. The 1956 deficit absorbed 39.5% of the year's freight-service net railway operating income, which was $1,765 million.

These figures were in "Transport Economics," published by the ICC's Bureau of Transport Economics and Statistics. The bureau's data also included the accompanying table showing last year's results of passenger and freight services of large railroads. Of the 37 roads shown, only the Long Island had a net railway operating income from passenger service in 1956.

Comparison of Passenger-Freight Financial Results

Large railroads, year 1956 (Dollar items in thousands)

Road	Net railway operating income			Operating ratio	
	Freight service	Passenger and allied services (deficit)	Percent passenger deficit of freight net railway operating income	Freight service	Passenger and allied services
EASTERN DISTRICT					
Baltimore & Ohio	$ 77,247	$33,789	43.7	72.73	183.52
Boston & Maine	18,437	13,679	74.2	60.31	162.07
Central of New Jersey	11,569	7,018	60.7	65.94	159.64
DL&W	13,415	5,251	39.1	74.90	122.74
Erie	25,720	10,445	40.6	71.40	161.67
Lehigh Valley	11,218	4,492	40.0	75.16	167.61
Long Island	958	cr. 940	..	74.28	89.50
New York Central	106,472	48,476	45.5	70.69	119.39
NYC&StL	25,737	4,104	15.9	67.24	201.16
NYNH&H	17,394	14,834	85.3	66.05	102.22
Pennsylvania	121,832	54,683	44.9	73.76	118.89
Reading	24,179	7,968	33.0	69.40	166.41
Wabash	17,196	5,096	29.6	70.64	132.28
POCAHONTAS REGION					
Chesapeake & Ohio	89,656	12,084	13.5	64.33	166.50
Norfolk & Western	52,648	11,332	21.5	63.50	221.33
SOUTHERN REGION					
Atlantic Coast Line	21,962	12,694	57.8	75.25	135.49
Gulf, Mobile & Ohio	13,333	5,809	43.6	67.26	156.18
Illinois Central	46,819	18,809	40.2	65.83	143.68
Louisville & Nashville	43,041	15,683	36.4	70.73	157.56
Seaboard Air Line	32,479	9,541	29.4	64.69	130.88
Southern	62,870	17,179	27.3	59.44	144.93
WESTERN DISTRICT					
AT&SF and affiliated companies	117,811	52,479	44.5	63.59	146.55
Chicago & North Western	20,820	19,888	95.5	76.19	156.14
CB&Q	49,626	24,090	48.5	64.29	145.36
CMStP&P	40,680	23,335	57.4	72.41	153.21
CRI&P	38,064	17,683	46.5	64.65	145.15
D&RGW	20,445	4,951	24.2	55.60	182.63
Great Northern	54,373	23,966	44.1	64.61	193.86
M-K-T Lines	11,864	6,540	55.1	70.32	170.31
Missouri Pacific	57,736	18,412	31.9	68.72	149.48
Northern Pacific	33,514	15,639	46.7	71.16	186.07
St. L.-San Francisco	23,486	9,285	39.5	70.17	169.29
StLSW Lines	11,774	875	7.4	61.02	194.59
Southern Pacific	91,179	49,953	54.8	71.03	173.08
Texas & New Orleans	12,833	5,286	41.2	72.84	137.81
Texas & Pacific	15,456	6,123	39.6	65.42	152.44
Union Pac. & Leased Lines	85,504	42.956	50.2	61.76	163.51

PRR to Improve Car Utilization

Better service to the shipper is the goal of a new department just established by the Pennsylvania.

The new department, says J. M. Ansman, newly appointed manager of special equipment, will have complete charge of such special freight equipment as auto parts cars, covered gondola cars, covered hopper cars, container cars, and heavy duty and depressed flat cars.

The bureau's duties will involve assignment of equipment to specific traffic, shippers or routes, as well as continual reassignment of special equipment owned by the PRR and other railroads, as changes occur in traffic patterns and volume. Mr. Asnman emphasized that the new bureau will cooperate closely with patrons, as well as with other railroads, in determining needs for more special freight equipment and the modification of existing equipment.

Importance of the new bureau's work is indicated, Mr. Ansman said, by the fact that at the end of 1957 the PRR will have about $50,000,000 invested in special freight service equipment.

Smucker Urges Curbs On Private Transport

"Like other things that develop too fast, private transportation and pseudo-private transportation have been accompanied by abuse and confusion."

In those words DT&I President David Smucker called last week for restricting private transportation to the bona fide hauling by a firm of its own goods. He would not extend the privilege of unrestricted operation to "buy and sell" truckers, whose real business is transportation and who purchase their traffic merely to escape regulation.

His statement came at the Fourth Annual Traffic and Transportation Conference at Michigan State University (Lansing) on May 15-16. He specifically denied any desire to bring under regulation the operations of delivery trucks—and said he did not favor any restrictions on a business organization hauling its own goods, as required in the ordinary conduct of its business.

A. G. Anderson, general traffic manager of Socony Mobil Oil, defended private transportation in the oil business, but denied any desire to have special favors (e.g., tax exemption), for it. He also said that his company turns over private operations to for-hire carriers when the latter are able to take them over and provide fully satisfactory service.

General Counsel J. E. Keller of the private carrier conference, American Trucking Associations, defended private transportation "as is." He doesn't want the law changed one bit.

Three speakers discussed the question of pricing transportation. Professor Robert A. Nelson of the University of Washington, gave his views on the pricing of truck service. Dr. Myles Robinson, economist for the National Coal Association, gave an industry viewpoint on transport pricing; and J. G. Lyne, editor of Railway Age, went into the subject of railroad rate-making.

Professor Nelson is an opponent of truck pricing based on the railroad rate structure. He believes truck rates should be based on truck costs. Overpricing common carrier truck service, he said, invites wider use of commodity rates, widens the spread between class and commodity rates—and thus reacts to the disadvantage of the small shipper.

Dr. Robinson urged the necessity of a census of transportation [recently held up in Congress, allegedly for reasons of economy]. Dr. Robinson took the view that rational policies toward

(Continued on page 39)

UP TO 50% LESS REPAIRS

Only one of 5 reasons why the New York Central is switching to GM Detroit Diesel Power

The New York Central Railroad has standardized on GM Detroit Diesel power in its M/W equipment—now operates more than 50 of these modern 2-cycle engines in scrapers, graders, tampers and tie removers. Here are the reasons, as reported by John Mueller, Supt. Maintenance of Way Shop, Jackson, Michigan:

"After five years' experience with GM Detroit Diesel engines in various equipment, we have found that (1) these engines require up to 50% less repairs or overhauls than other Diesels used; (2) when repairs are necessary they are easily done in our own shops; (3) parts cost is comparatively low; (4) parts are available promptly from the Detroit Diesel distributor, which eliminates need for extensive inventories; (5) we get up to 50,000 operational miles between overhauls and up to 15% faster operation. They have given us economical, dependable service with a minimum of down time. That's why we are specifying GM Diesel in new equipment and repowering present equipment with GM Diesel wherever possible."

Need more be said? Only this—your railroad, too, can have the higher work output and unequaled savings of GM Diesel power in both on- and off-track equipment you buy or repower. Write us or ask your local distributor or dealer for full facts.

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DETROIT DIESEL

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GM Detroit Diesel 4-71's power LeTourneau-Westinghouse Tournascrapers working the right-of-way on NYC rehabilitation job.

Questions and Answers

Of current interest — to the Transportation Department

Is notice of constructive placement necessary when a railroad can't place a car on a consignee's siding . . .

?

Yes. Demurrage Rule 5 is the authority.

A railroad is unable to place a car on a consignee's siding because of motor trucks blocking the tracks. The switching crew, therefore, has to place the car elsewhere, temporarily.

Under Demurrage Rule 3 (Item 610) Section D (Note 1), if a car is left on the consignee's siding, but is not actually spotted for unloading, no notice of constructive placement is necessary. But if the car is left somewhere other than on the consignee's siding, must the railroad give the patron a notice of constructive placement of the car? If such a notice must be given, does that give the consignee an extra day of free time?

If it is necessary to leave the car on a railroad-owned track or siding, then a notice of constructive placement is mandatory under Demurrage Rule 5, Section A, Paragraph 1. The consignee in such a case should not be entitled to an extra free day. However, cases may arise where he will receive the extra free day because the railroad cannot—or does not—promptly send or give written constructive placement notice before the next 7 a.m.—*Demurrage Committee, Eastern Association of Car Service Officers.*

What does consignees' failure to remove dunnage from cars mean to the railroads in terms of lost car days? And has there been any recent improvement in patrons' cleaning of cars after the load has been removed . .

?

Yes. Clean car program is getting results.

[Some answers to this question appear in the April 1, April 15 and May 13 issues. A railroad customer who read the April 1 column had the following remarks to make on the subject. Our thanks to him for his comments.—*G. C. R.*]

"The April 1 Railway Age presents additional proof that the cleaning of cars still is a matter of real concern to both railroads and shippers generally. Unfortunately, a small minority of shippers are not cooperating in the program sponsored by the National Clean Car Committee of the National Association of Shippers' Advisory Boards.

"This suggests the practicability of amending Rules 2 and 3 of the demurrage tariff. The revision would provide that such rules and charges apply until all contents and dunnage are removed from cars held for unloading, unless the receiver agrees to pay the carrier a specified charge for cleaning the car. Such a provision would be in full compliance with the fundamental principle that demurrage charges are, in part, penalties for undue detention of railroad cars, and in part incentives for prompt release of such cars. There would be considerably more justification for such a provision as a means of alleviating car shortage and compensating carriers for increased costs of car ownership and maintenance than [those changes] submitted to the Interstate Commerce Commission in I&S 6646 — Increased Demurrage Charges—1956, in support of the changes proposed therein in the demurrage rules and charges."—*J. J. Long, assistant director, Coal & Transportation Department, Citizens Gas & Coke Utility, Indianapolis, Ind.*

[The case before the ICC referred to by Mr. Long involved an increase, proposed by the railroads, in the charge for detention beyond free time. Also, Saturdays, Sundays and holidays would be counted when computing detention. Furthermore, under the average agreement, only two debits accrued by any one car could be offset by credits earned by other cars. These changes would increase sharply the penalties for delay of cars by patrons.]

We assume that the views expressed by Mr. Long are his own and not necessarily those of the company he represents.

Most railroaders I've heard discuss this subject, would, I believe, disagree with Mr. Long—at least as to making a charge on the patron for failure to unload completely. Almost all of them talk of securing better results through the "voluntary cooperation" of receivers. Certainly, I think, most of them would hesitate before taking such punitive action, with today's competitive situation in the transportation industry.—*G. C. R.*

CONDUCTED by G. C. RANDALL, district manager, Car Service Division (ret.), Association of American Railroads, this column runs in alternate weekly issues of this paper, and is devoted to authoritative answers to questions on transportation department matters. Questions on subjects concerning other departments will not be considered, unless they have a direct bearing on transportation functions. Readers are invited to submit questions, and, when so inclined, letters agreeing or disagreeing with our answers. Communications should be addressed to Question and Answer Editor, Railway Age, 30 Church Street, New York 7.



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It won't rust . . . never needs painting.
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It will last a long time and save you money.
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A regular 9-ft boxcar door weighs 700 lbs.

Its maintenance is high, requires frequent painting.

To open the heavy door, exasperated trainmen attack it with crowbars, sledges, fork trucks.

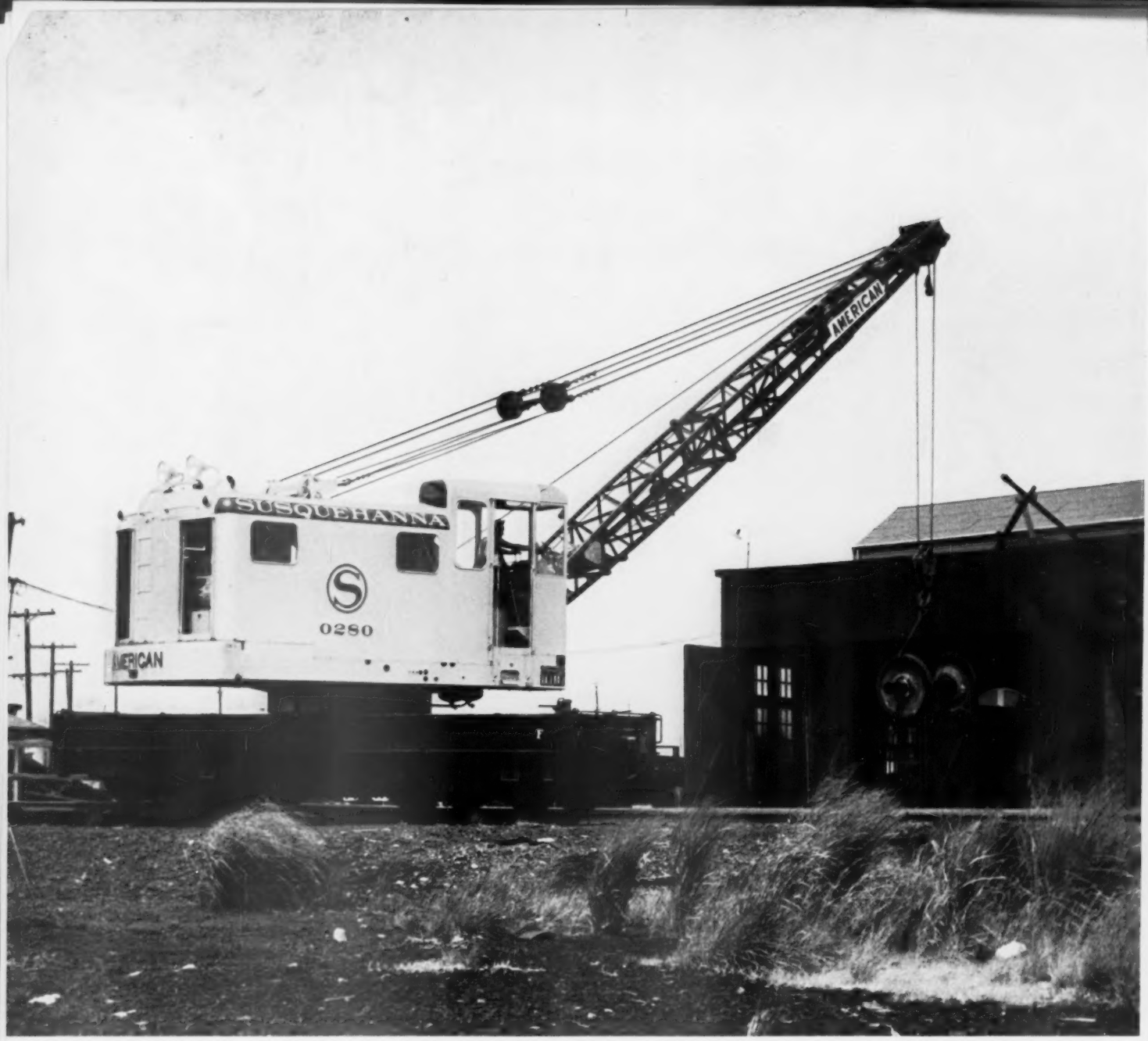
Doors get bashed out of shape, must be replaced.

Progressive railroaders are using more and more light, strong, rust-free Alcoa Aluminum—for lightweight trains, tank cars, baggage and boxcar doors, lading bars, crossbucks, signs, freight and passenger stations. Get more information on the application you are interested in. Write: ALUMINUM COMPANY OF AMERICA, 2180-S Alcoa Building, Pittsburgh 19, Pa.

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LEADER TO PROGRESS RPI MEMBER



CRANE DESIGN STRESSES SAFETY

Designers of American Locomotive Cranes have engineered crew safety into the big, versatile Diesel and DiesELectric* machines—the number one choice in the modernization programs of leading railroads.

From the high, forward mounted cab operators have unobstructed visibility to the sides, forward, up and even behind. Crewmen on American Locomotive Cranes are protected from "scissors" accidents by a 14-inch clearance between carbody and machinery deck. The smooth, uncluttered, all steel carbody top eliminates another possible source of injury!

On the job, versatility of American Locomotive Cranes range from pile driving and steel setting to routine maintenance-of-way jobs. Emergency assignments—repairing washouts and cleaning up landslides—prove American's ability to move materials fast and dependably without stopping until the job's done. Investigate American's new concepts in crane design—from fast, highly responsive air controls to the smooth, powerful, economical performance of the DiesELectric power team. Learn all the important facts about the locomotive crane line that's setting the production pace on cost-conscious railroads—write for fully illustrated catalogs on cranes with capacities up to 80 tons!

*Patent number 2033460

AMERICAN HOIST
and Derrick Company
St. Paul 7, Minnesota



Buffalo Flour Millers specify *Freight Liner* FOR BOXCARS

SUCCESS STORY #1: A year ago, the Buffalo Creek Railroad decided to try ADM Freight Liner 810 for upgrading BCK boxcars used in supplying their milling trade at Buffalo, N.Y. Before using, the liner was tested and approved by one of the major milling companies.

Now, after nine months, the use of Freight Liner has proved highly satisfactory. It has worked so well, in fact, that another large Buffalo milling firm has asked that Freight Liner be used in cars supplied to them.

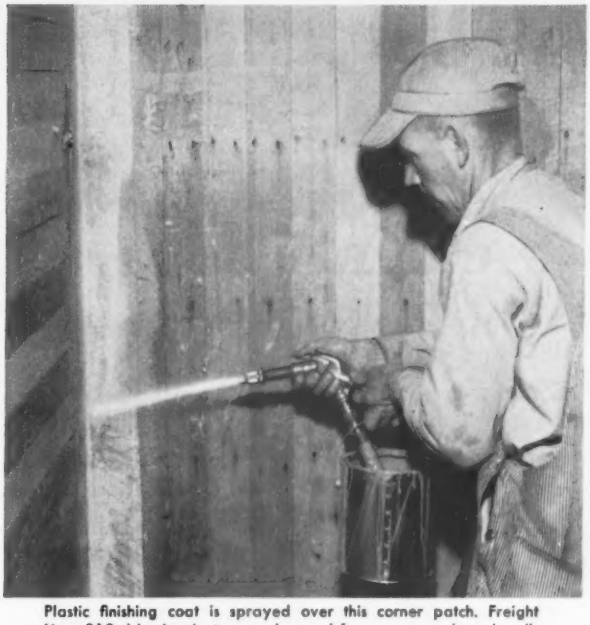
Railroads like Freight Liner 810 for a variety of reasons. It is quick and easy to apply. (Two men can upgrade 30 cars a day). It is inexpensive. (Total cost for spot patching is less than 15 cents a square foot). And Freight Liner is both versatile and durable. It can be used to patch corners, ends and walls, and even works fine for resurfacing floors.

Shippers like Freight Liner because the smooth, tight, interior gives top-notch sanitary protection.

For a demonstration on your own cars at any location, write, wire, or phone (FEderal 3-2112, Minneapolis) ADM Freight Liner System, Archer-Daniels-Midland Company, 700 Investors Building, Minneapolis 2, Minnesota. ADM Service engineers provide everything needed to start your yard crew with the Freight Liner System of upgrading.



Plastic material is quickly sprayed around break in boxcar wall before applying fiberglass cloth. Freight Liner provides a smooth, tight interior, offers top-notch sanitary protection.



Plastic finishing coat is sprayed over this corner patch. Freight Liner 810 dries in minutes, can be used for corners, ends and walls . . . even works fine for resurfacing floors.

Archer-Daniels-Midland



OTHER ADM PRODUCTS: Linseed, Soybean and Marine Oils, Paint Vehicles, Synthetic and Natural Resins, Fatty Acids and Alcohols, Hydrogenated Glycerides, Sperm Oil, Foundry Binders, Industrial Cereals, Vegetable Proteins, Wheat Flour, Dehydrated Alfalfa, Livestock and Poultry Feeds.



"You Mean Bird Self-Sealing Tie Pads Can Reduce My Cross Tie Costs 59%?"

Oh baby! That's a *real* saving. And it's as easy as ABC to prove for yourself:

A. The average installed cost of a new main line cross tie, including cost of original tie plus labor, is approximately $7.00*. With a normal life of 20 years, this amounts to 35¢ per year.

B. By sealing out destructive moisture and abrasive materials from under-plate and spike-hole areas, Bird Self-Sealing Tie Pads increase the life of the average tie by at least 15 years. At 35¢ per year, this saving amounts to $5.25.

C. The cost of obtaining this saving? About $1.12 for two five-ply 7¾" x 13" Bird Self-Sealing Tie Pads. *Net saving is $4.13 — or 59% of the installed cost of the original tie.*

Bird Self-Sealing Tie Pads are the *only* tie pads which have *proved* their durable and effective seal with the tie through years of in-track service. Want the whole story? Write to Bird Tie Pads, Department HRA. East Walpole, Massachusetts.

*These figures represent the most conservative minimum. If your costs are higher, savings are proportionately higher.

Bird Self-Sealing Tie Pads Are Recommended For:

Bridge Decks • Curves • Switch Timbers • Highway Grade Crossings and Other Paved Areas • Crossing Frogs • Insulating Joints • With Smaller Tie Plates • Pile Cutoffs • Through Station Platforms • Out-of-Face Installations in Rail-Laying Programs • Locations where tie life is short or replacement costs are high.

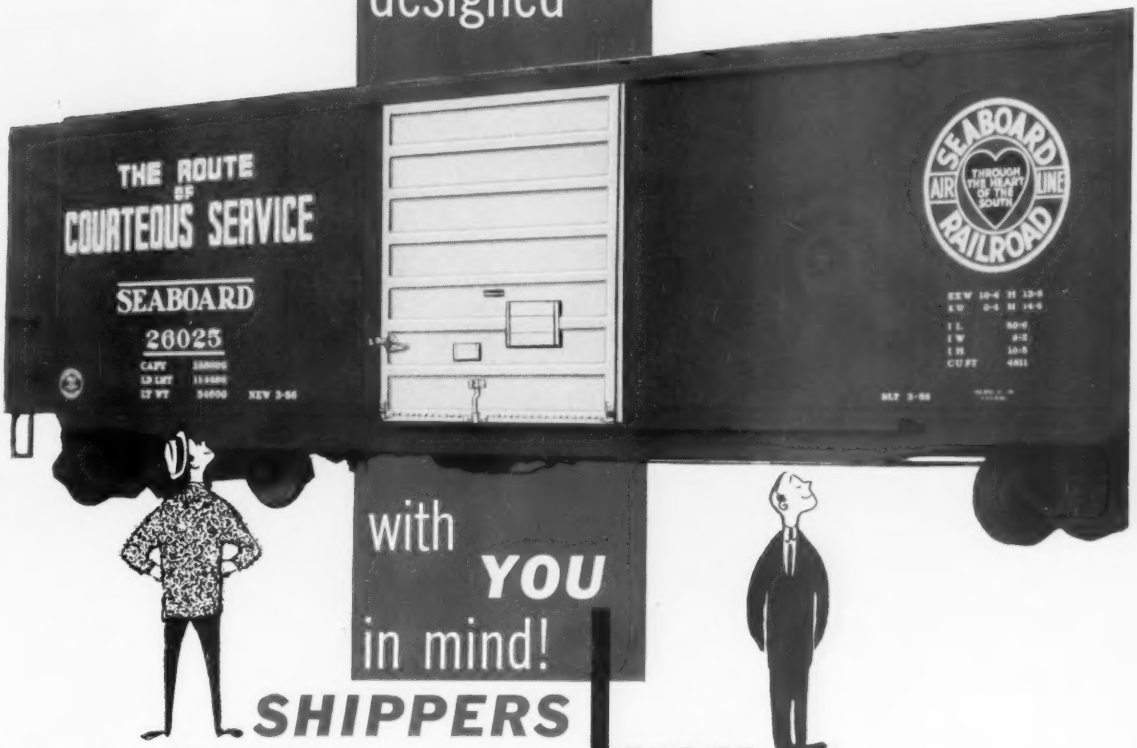
Buy the Best... **BIRD & SON, inc.** Established 1795 *Buy BIRD*



Unretouched photograph of cross section of tie shows under-plate and spike-hole area after 10 years' protection by Bird Self-Sealing Tie Pads. Destructive moisture and abrasive materials could not penetrate the seal.

SHIPPERS LIKE THE *SUPERIOR* 10-FOOT DOOR*

but this door was designed



with ***YOU*** in mind!

SHIPPERS

don't know about WEDGE-TIGHT Sealing—they only know their shipment arrives safely—without damage, but.....

YOU

KNOW that this means WEATHERPROOF, DIRTPROOF, PILFERPROOF LADING.

SHIPPERS

don't know about the smooth inside surface—they only know their cartons arrive in good condition, but.....

YOU

KNOW that this means no projections to rip or punch expensive lading.

SHIPPERS

may not even know the name of this door—they only know your *service* is . . . SUPERIOR, but.....

YOU

KNOW the name of the door is *SUPERIOR*.

YOU ALSO KNOW

that SUPERIOR CAR DOORS are light weight, FREE-ROLLING, *ONE-MAN, ONE-HAND* DOORS and that they LOCK—open or closed—AUTOMATICALLY!

YOU ALSO KNOW

where to get this Superior protection, this superior handling door:.....

S-9

* *Shippers like the SUPERIOR 10-FOOT DOOR because it accommodates their largest lift truck . . . their widest pallets!*

SUPERIOR CAR DOOR COMPANY
332 S. MICHIGAN AVE. • CHICAGO

FOR THE FIRST TIME:

A *GUARANTEED* SPRING FOR FREIGHT-CAR

Now . . . the freight-car truck springs you buy from ALCO are guaranteed against breakage for 10 years

Only ALCO makes this guarantee: If any ALCO freight-car truck spring purchased from now on, breaks within ten years of the date of manufacture, a new spring will be furnished by ALCO free of charge. This guarantee is prompted by the record of ALCO springs in service, and by the modern, automated ALCO facilities that assure uniform spring quality. Only with ALCO *guaranteed* springs can you be so confident of spring performance and service.

The next time you buy freight-car truck springs, specify ALCO *guaranteed* springs. The guarantee is your assurance of top quality and service in springs made by one of the nation's largest railroad suppliers. For more information about ALCO *guaranteed* springs, contact your ALCO representative.

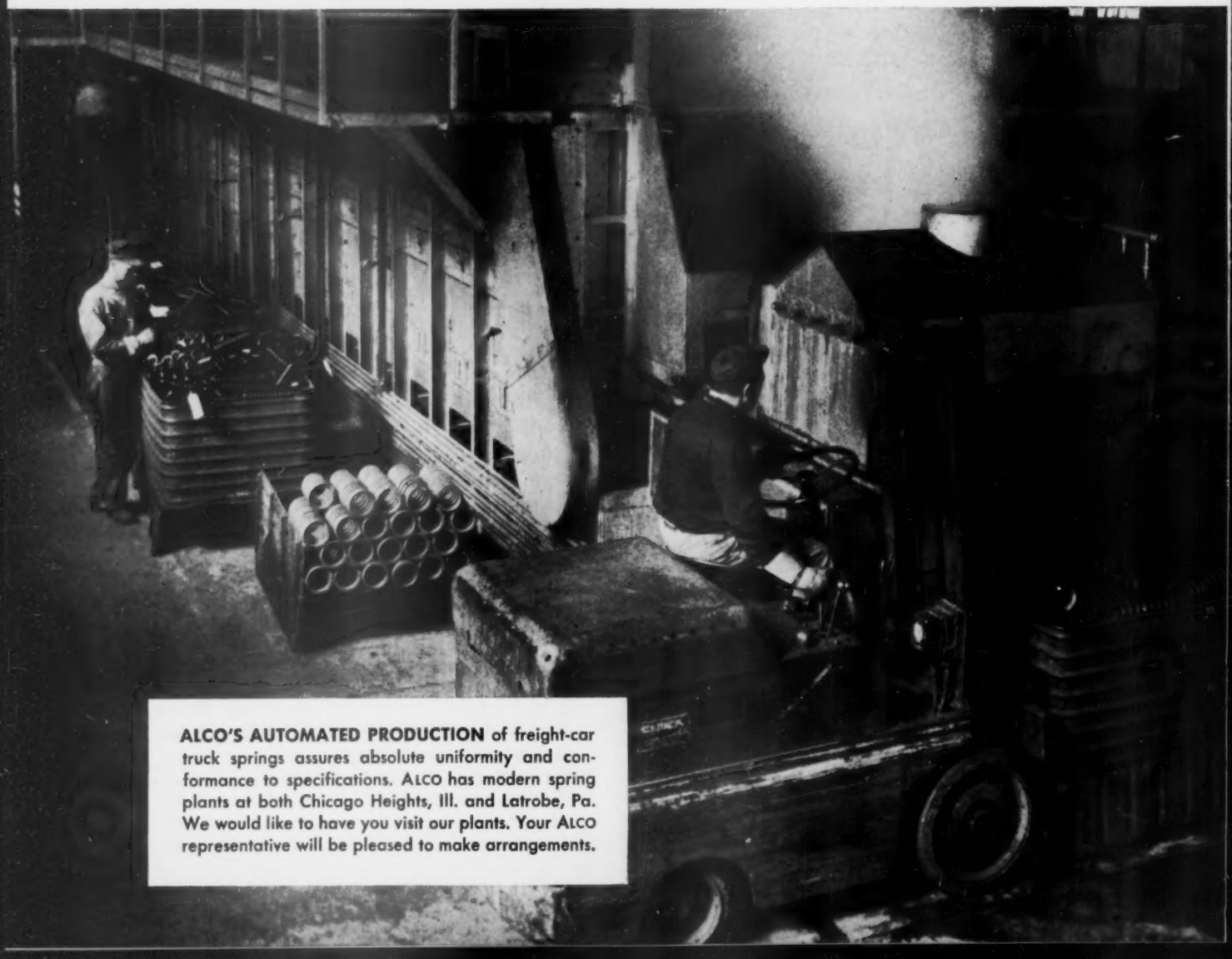
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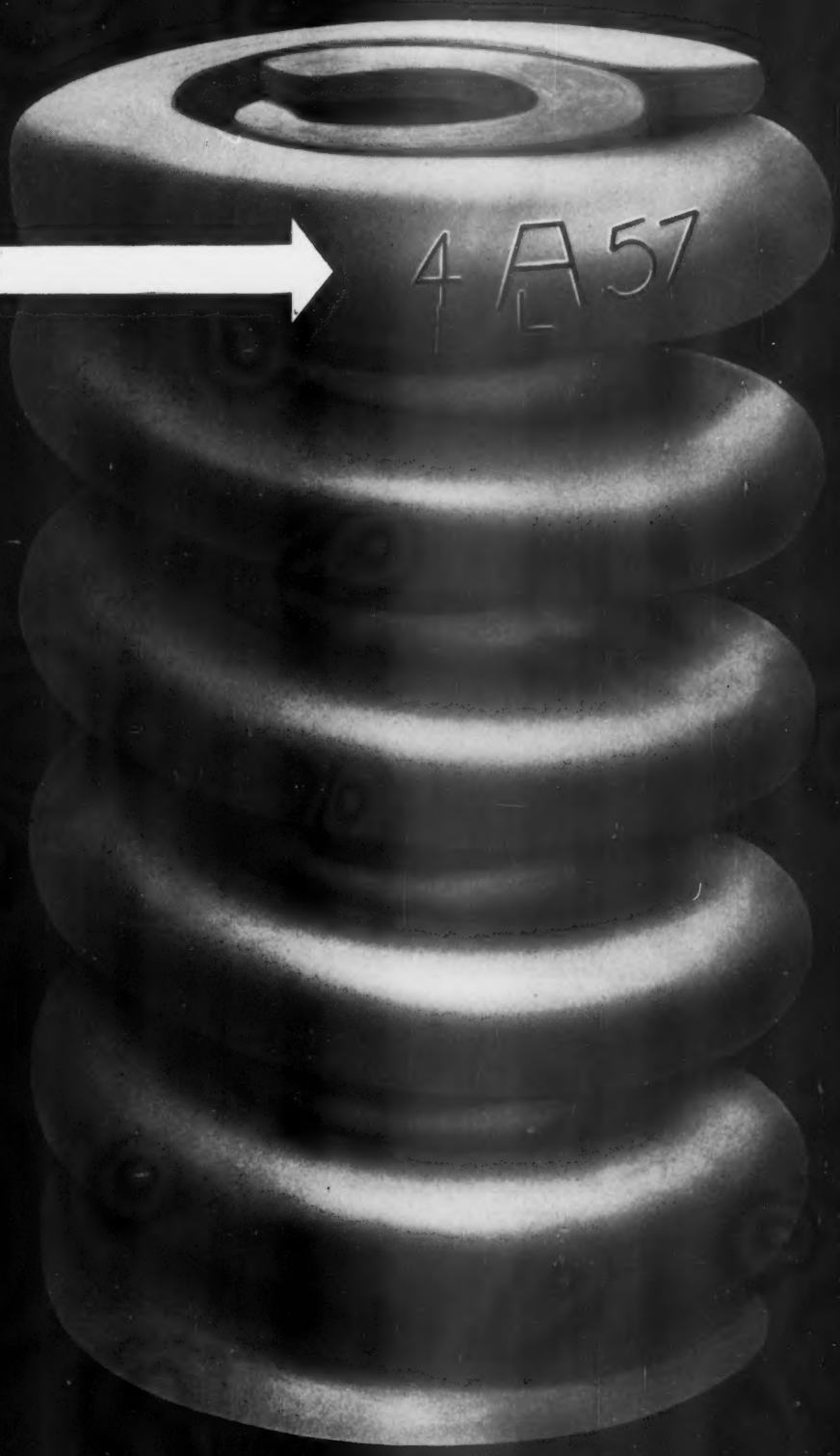
ALCO'S AUTOMATED PRODUCTION of freight-car truck springs assures absolute uniformity and conformance to specifications. ALCO has modern spring plants at both Chicago Heights, Ill. and Latrobe, Pa. We would like to have you visit our plants. Your ALCO representative will be pleased to make arrangements.

TRUCKS

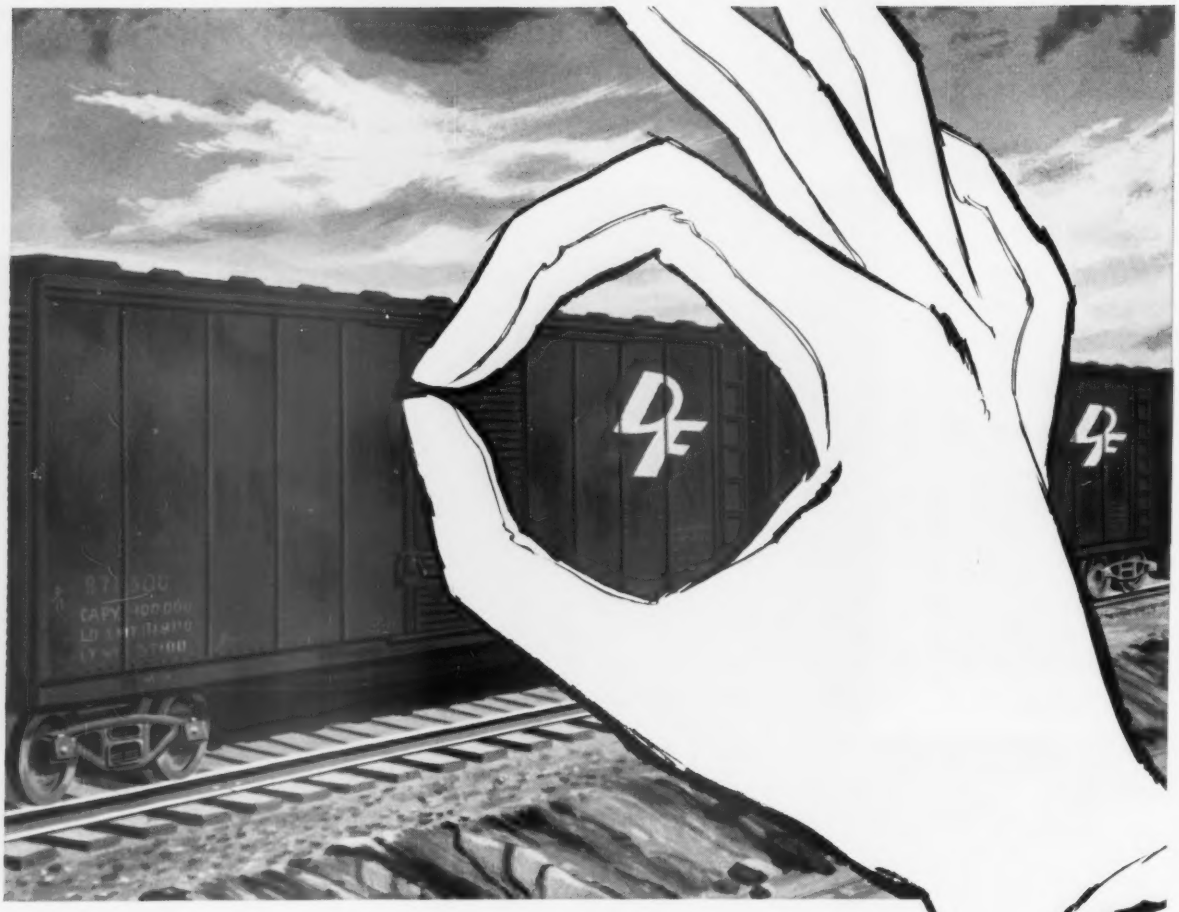
This ALCO guarantee applies to these springs*: (Standard AAR Designs)

1. 2-1/2-in. travel
2. 3-1/16-in. travel
3. 3-11/16-in. travel
4. 1915-D
5. 1936-D-2

**Except springs for brine refrigerator cars.*



FREIGHT-CAR TRUCK SPRING has ALCO date of manufacture stamped on coil. If it breaks within a period of ten years from that date, a new spring will be furnished free of charge by ALCO.



EVANS DF™ CARS...

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DF cars are popular with shippers because they give freight the "kid glove treatment," positive protection that pampers freight and eliminates both damage and dunnage. DF cars are profitable to railroads because shippers keep them loaded coming and going . . . load them heavier, use them oftener . . . and this shipper-preference can increase a DF car's revenue as much as 300% over ordinary box cars.

47 major railroads now own cars equipped with DF. For full details about DF equipment, write Evans Products Company, Dept. E-5, Plymouth, Michigan.

The "Kid Glove Treatment"

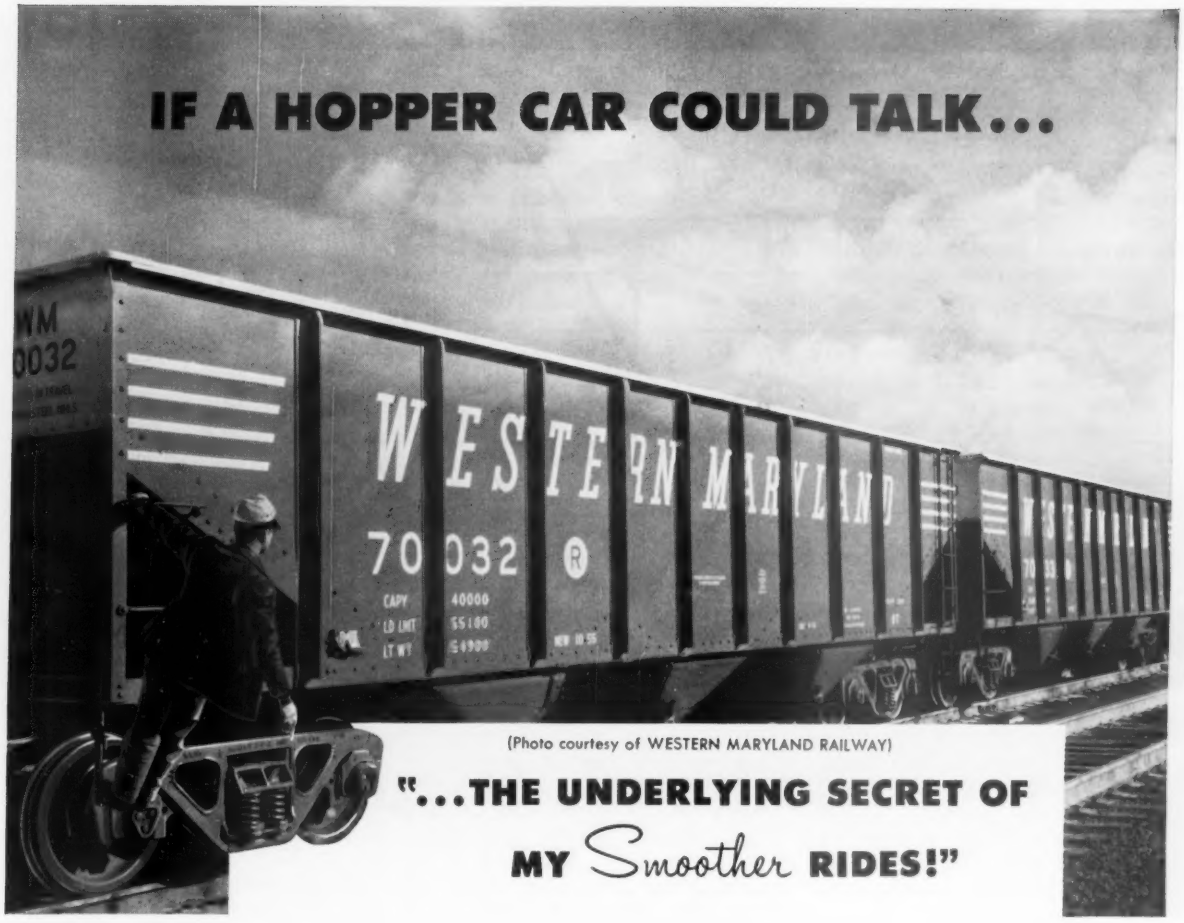
THAT LOCKS IN LADING . . .
ELIMINATES DAMAGE AND DUNNAGE



*DF is a trademark of the Evans Products Company . . .
only Evans makes the DF loader.

EVANS PRODUCTS COMPANY also produces: **truck and bus heaters; bicycles and velocipedes; Evaneer fir plywood; fir lumber; Evanite battery separators and Evanite hardboard**

IF A HOPPER CAR COULD TALK...



(Photo courtesy of WESTERN MARYLAND RAILWAY)

"...THE UNDERLYING SECRET OF MY *Smoother* RIDES!"

"I'm a Western Maryland triple-hopper car. I carry coal to light the nation's homes and turn its wheels of industry. I'm new in this business because the company just recently put me 'on the line.'

"But, already, I'm proud. Besides giving me the beauty of modern design, Western Maryland planned my future by providing me with the *best* of equipment. In exchange, I'll give them years of excellent, low-cost service.

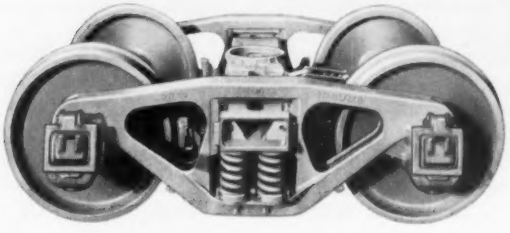
"I especially like to rest and ride on my sturdy dependable Barber *Stabilized* Trucks. Barber introduced them . . . 25 years of research and development have kept them modern.

"Because I like to keep on the go, I was happy to learn that Barber Stabilized Trucks are the easiest and quickest of any truck to dismantle, service and assemble with no special tools.

"Very important to me is the fact that Barber Stabilized Trucks protect my body, underframe and costly cast-steel parts by their ever-ready . . . yet simple and effective . . . system of suspension which allows them to absorb dangerous, destructive road shocks.

"I like to *rest* and *ride* on my Barber Stabilized Trucks!"

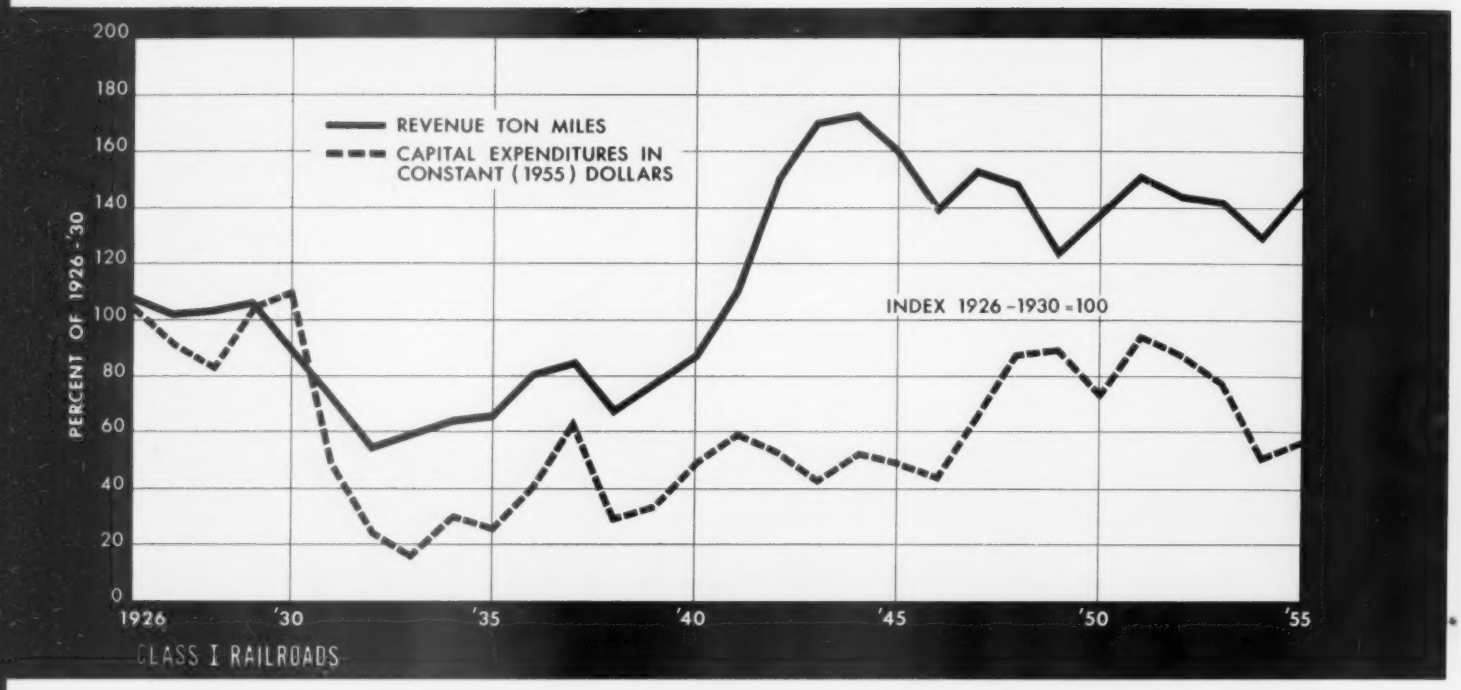
SPECIFY SMOOTHER RIDING



BARBER

STABILIZED TRUCKS

Standard Car Truck Company, 332 S. Michigan Ave., Chicago 4, Illinois. *In Canada:* Consolidated Equipment Co., Ltd., Montreal 2.



Railroads Should Spend a

By J. M. SYMES

President, Pennsylvania Railroad

The postwar period has been characterized by frequent car shortages. These shortages are the result—the inevitable result—of inadequate railroad earnings, nothing else.

The railroads should be spending huge amounts of new capital to provide prompt and satisfactory service for their present traffic; and to keep ahead of the country's rapidly growing demand for the kinds of transportation which only the railroads can provide economically.

It is estimated that by 1965 we will have 25 million more people in the country than we have today, a 15 per cent increase. It is also anticipated that our per capita, and per family, annual income will continue to rise. Industry in general is now preparing for this increase, as evidenced by the unprecedented capital expenditures currently being made.

How will the railroads be able to handle prospective traffic volume, when they haven't the means to handle satisfactorily the much smaller traffic volume now moving? Will the bulk of this expanded traffic have to be taken over by more costly forms of transportation—simply because the railroads haven't the cars and other facilities to take care of it? The answer to that question is—yes, unless the railroads are speedily given the right to price their services to yield higher earnings.

Power Is Short, Too

When traffic has fallen off temporarily, the railroads' cash position has required them to stop maintenance programs, and deterred them from placing orders for new cars. Had there been a reserve margin, maintenance programs would have continued, additional cars would have been ordered, and the car shortages prevented, or substantially reduced.

We are encountering frequent shortages of power. On our railroad alone, in the week beginning October 1, 1956, there were 155 freight trains, averaging 75 cars each, delayed an average of 11 hours and 52 minutes awaiting power to move them. That represents the loss of 5,747 car-days —in addition to a serious reduction in our ability to give service.

In the period following World War I, the railroads were permitted to participate in the expanding economy of the country. Inflation in railroad wages, during that period, was less than half as much as during the corresponding period after World War II. And there was actually a substantial decrease in the prices the railroads had to pay for materials and equipment.

The result of adequate earnings was that the railroad plant, which was so badly worn out because of the usage given it in World War I, during the twenties was completely modernized. By 1929 the railroads were operating at peak efficiency, moving a heavy volume of traffic with an adequate car supply, and at comparatively low rates.

I would like to contrast the capital expenditures made from 1926 to 1930 with those in recent years. Expenditures by the Pennsylvania for the period 1926 through 1930, when stated in constant 1955 dollars, averaged $182,440,000 a year. In 1955—

To serve present traffic adequately, and be ready for growth, railroads need earnings that will permit investment in plant renovation, at least in ratio to the rise in ton-miles

Lot More

for industry in general a highly prosperous year—our capital expenditures were only $65,784,000—or only about a third as much as we were investing in the late twenties.

Freight traffic of the Class I roads ranged from 28 per cent to 51 per cent higher in the five years 1951-55 than it did in the 1926 to 1930 period. Yet capital expenditures, expressed in constant dollars, averaged but $1,192,247,000 as compared with $1,640,000,000 in the 1926-30 period. That is, capital expenditures currently average 27 per cent less, while freight volume averages 42 per cent more.

The railroads, in this postwar period, have fallen far behind both the rest of the economy and behind their own performance in the last normal period of prosperity, with respect to capital expenditures.

Serving New Industries

It costs money to provide railroad facilities to serve new industries. For ten large plants built on the PRR in the past few years our new fixed rail plant facilities cost us a capital investment of $25,190,000. For the cars required to serve these industries, the cost comes to $106,388,000, with $17,340,000 additional for locomotives. This is a total of $148,918,000 capital investment by our railroad in order to take care of the business of these new plants.

The gross annual revenue to the Pennsylvania from these ten new industries is estimated at $46,600,000. Figuring our operating ratio at a low 50 per cent, we would net $23,300,000 a year, before taxes. Deducting federal income taxes, it will take us 13⅓ years just to recover our investment in facilities to serve these new plants.

This is just an indication of the capital investment required by the railroads to take care of the growth of industry. It includes no allowance for improvement of the railroads for cost reduction and better service.

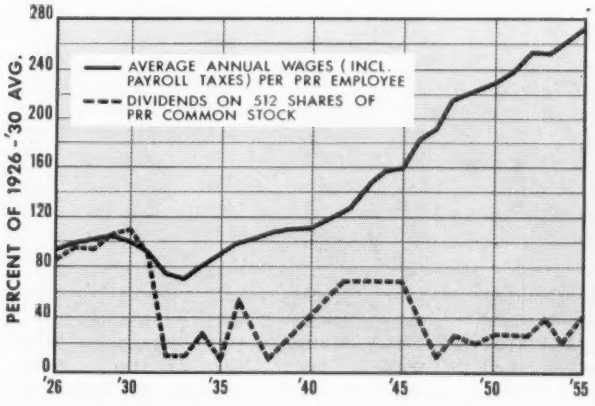
The very minimum capital expenditure we must make for additions and betterments on the Pennsylvania during the next ten years is $1 billion. We could spend to advantage twice that amount if it were obtainable.

In the effort to meet the needs of our patrons since the end of World War I, we have incurred a large amount of equipment debt. In addition we have disposed of other assets to raise cash. This included the sale of the Hotel Pennsylvania in New York, valuable property in downtown Pittsburgh and Philadelphia, our stock in the Pennsylvania Greyhound Company and in the Virginia Ferry Corporation, various water companies and miscellaneous real estate. In addition, over $38 million was realized by the sale of the bonds of leased lines. Raising of cash from these sources cannot be repeated.

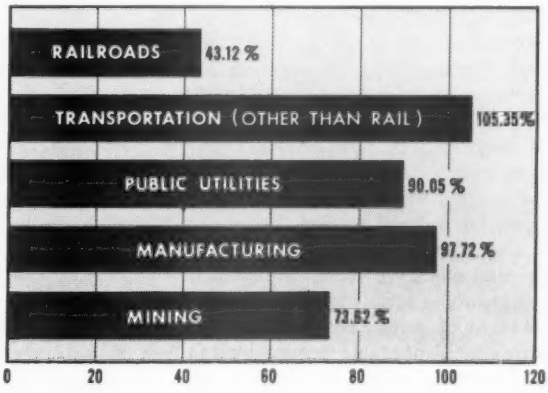
When rail traffic started to shrink after World War II, and our costs skyrocketed, it became apparent we could no longer afford to maintain plant and equipment in standby condition to provide transportation insurance for the country in case of national emergency. We inaugurated an extensive program of reduction in plant and equipment. We reduced our total trackage by more than 1,200 miles; and our equipment fleet by 68,000 freight cars, 2,300 passenger cars, and nearly 1,800 locomotives.

The heavy equipment program financed since World War II was possible only by heavy borrowing through equipment obligations. As to the PRR, the amount of these outstanding at the end of 1955 was $214 million greater than at the end of 1945. Present depreciation rates—and cash which we are able to retain from

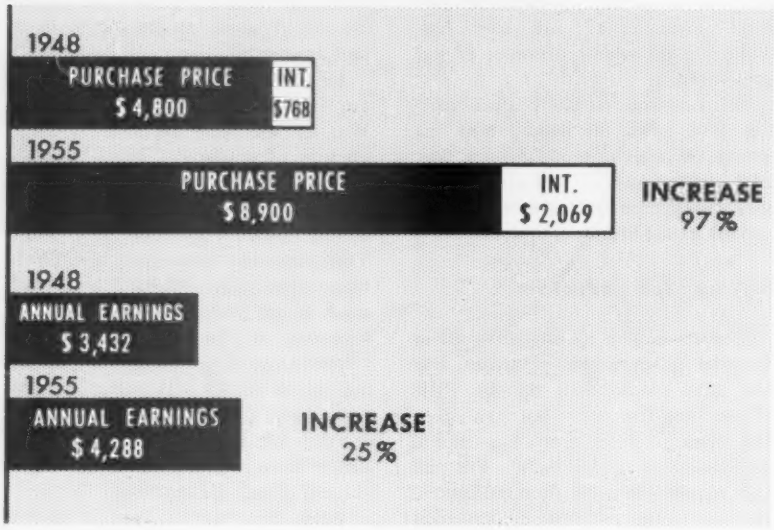
Wages Up—Dividends Down



1946-55 Capital Expenditures As Per Cent of 1952 Assets



Cost of a Freight Car, and Average Earnings—PRR



net—do not provide the basis for any substantial increase in total equipment obligations outstanding.

The yields on Pennsylvania Railroad mortgage bonds rose from 3.11 per cent in 1946 to 4.52 per cent as of the fall of 1956. But, even if they were lower, we could not prudently finance our road improvements by borrowing money. At present there is no chance for any equity financing.

It has frequently been contended that additional traffic volume will solve our problems. *Handle added traffic—what with?* The railroads have been operating to the capacity of their transportation facilities, which have been shrinking year by year. We have had severe car shortages, time and again. We have just about the volume our present equipment can handle.

Ownership cost of a freight car in 1956 was practically double that in 1948, but the gross revenue produced per car increased not quite 25 per cent. Contrast that 25 per cent increase in gross revenue per car with the 97 per cent inflation in the cost of purchasing a new car, and you have some idea of the inadequacy of the charges we are being allowed to make for railroad services.

The country must have adequate railroad service to meet the needs of its growing population and higher standard of living. The alternative to providing dependable service by rail is to make our people resort to inferior and more costly transportation. This alternative would be far more expensive to the country than allowing earnings to the railroads which will restore their power to make adequate investment in renewal and improvement of their facilities.

Two Things Needed

To get their earnings up to a point where adequate new investment capital will be available the railroads need, primarily, two things:

(1) the right to price their services (either upward or downward), in order to increase their net earnings;

(2) the right to abandon all services that are so little used as to be hopelessly unprofitable.

Given these two simple rights—which all other industry already enjoys—the railroads would quickly get on their way toward correcting their service deficiencies.

It is up to the public and to the regulatory authorities to decide whether they prefer perennially unsatisfactory transportation service, or a superior service ready to meet all demands of an expanding population and a rising standard of living.

Traffic Volume and Investment, Class I Railroads

	Freight Traffic		Capital Expenditures in Constant (1955) Dollars				
Year	*Ton-Miles (Billions)*	*Index--1926-30=100*	*Equipment (Millions)*	*Roadway & Structures (Millions)*	*Total (Millions)*	*Index--1926-30=100*	*Index of Wage Rates & Material Prices Combined 1926-30=100*
Avg. 1926-30	427	100.0	$ 601	$1,039	$1,640	100.0	100.0
31	309	72.4	152	667	819	49.9	101.0
32	234	54.8	84	330	414	25.2	93.5
33	249	58.3	36	230	266	16.2	92.3
34	269	62.9	192	304	496	30.3	95.6
1935	282	66.0	156	274	430	26.2	101.2
36	339	79.4	310	347	657	40.1	102.8
37	361	84.4	585	435	1,020	62.2	106.9
38	290	67.9	210	267	477	29.1	110.3
39	333	78.0	238	310	548	33.4	109.3
1940	373	87.4	466	371	836	51.0	109.7
41	475	111.2	590	383	973	59.3	114.3
42	638	149.3	509	350	859	52.4	124.0
43	727	170.2	356	352	707	43.1	132.9
44	737	172.6	455	409	864	52.7	138.6
1945	681	159.4	436	416	852	51.9	139.8
46	592	138.6	383	371	754	46.0	163.0
47	655	153.2	655	403	1,058	64.5	177.0
48	638	149.3	1,003	435	1,438	87.7	201.2
49	527	123.2	1,050	404	1,454	88.7	215.6
1950	589	137.8	846	343	1,189	72.5	229.9
51	647	151.4	1,114	402	1,517	92.5	255.6
52	615	143.9	985	435	1,420	86.6	265.9
53	606	141.8	863	416	1,279	78.0	272.3
54	549	128.6	506	331	837	51.1	279.4
1955	624	146.0	568	340	908	55.4	282.8



WEATHEROMETER produces artificial weather—heat, humidity and rain—to speed the testing of paint and other materials exposed to outdoor conditions in actual service. Testing and research activities can be carried on using the same scientific apparatus, in many cases.

AT NYC's NEW MILLION DOLLAR RESEARCH CENTER . . .

Atoms and Turbine for the Future

A closed-cycle gas turbine—a third candidate of this category for future locomotive prime movers—has successfully operated with a thermal efficiency of 21 per cent at the New York Central's newly opened research laboratory at Cleveland, according to J. J. Wright, NYC's director of technical research.

"If we are lucky, it will be in a locomotive in 25 weeks," he predicted in summarizing the present test-stand operation. Other competitors in this prime mover race, according to Mr. Wright, have been the open-cycle gas turbine of the Locomotive Development Committee and General Motors' free-piston power plant.

The million-dollar laboratory was formally opened by NYC President A. E. Perlman on May 15. It was during these ceremonies that the NYC's work in the turbine prime mover field was revealed. Another closed-cycle gas turbine project has been sponsored by the Canadian government at McGill University in Montreal.

The new NYC power plant uses freon as the working fluid and consists of a pressurized shell containing the turbine and generator along with the separate external heat exchanger and a condenser. At the time of the laboratory opening, the power system had produced a shaft output of 40 hp, with work still in early stages. At present it is being fired with diesel oil to avoid fuel complications, but the heat exchanger presents the possibility for using almost any grade of liquid or solid fuel, according to Mr. Wright.

Fuel Tests

Various solid and liquid fuels for present diesel engines are also under study at the laboratory. The NYC diesel fuel test program (Railway Age, Sept. 3, 1956, p. 28) is now being conducted on a road locomotive operating between Cleveland and Toledo. The engine is being fired with a "special" oil—a sidestream fuel from the catalytic cracking process. This fuel must be treated with dispersants and heated with engine jacket water for satisfactory combustion, but offers a saving of one cent per gal compared to the road's present standard "economy" fuel, according to the director. Fuel oil prices quoted are 9.5 cents per gal for the "sidestream" fuel, 10.5 cents for NYC "economy" fuel, and 11.5 cents for the "regular" diesel oil.

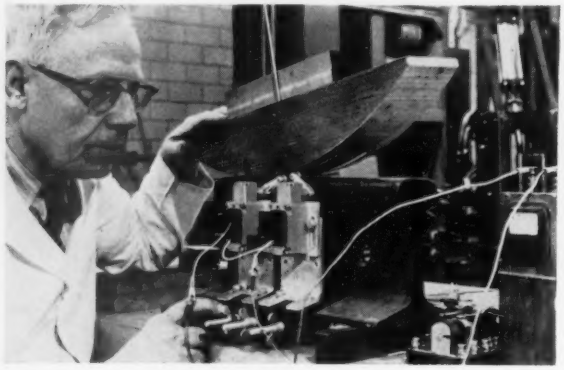
The system-wide use of "economy" fuel already yields a saving of one cent per gal on the road's diesel fuel purchases. Tests have shown that a 1,500-hp freight unit uses 7 gal less fuel per hour at full load because of the higher heat content of the lower grade oil. This of course reduces the quantity of fuel which must be secured. Problems of handling and burning this oil are solved with proper dispersant treatment which can be controlled and checked with the NYC's electron microscope, an important tool for the new laboratory. The Central adds its own dispersants.

Atomic Developments

The possibility of enriching diesel fuels with finely dispersed coal particles is being investigated by the NYC as part of an active atomic energy research program. Gamma-ray irradiation of particles of powdered coal with a radioactive source causes their disintegration to such a size that they will remain suspended in diesel fuel. Their size, no larger than particles naturally occurring in satisfactory diesel oils, can be checked with



◄ **DAY'S WORK** in testing and inspection phases of the new laboratory's operations examined by J. J. Wright, technical director (right), along with the manager, J. A. Smith.



▲ **MECHANICAL** and electrical design must be coordinated for development of a track switch which will later be teamed up with automatic lid-lifter the laboratory is also developing. Already on test in a diesel locomotive is another project—utilization of ignitrons to replace mechanical contractors.

the electron microscope. Actual combustion tests have not yet been made. Irradiated fuels are not themselves radioactive.

A full-fledged atomic laboratory has been established. Mr. Perlman cited the railroad's two-fold interest in this—a field, he said, with "so many advantages we can't keep out of it."

The NYC—in common with all railroads—must be interested in the production of primary power, and the Central is studying its production from nuclear sources. With American ingenuity, and based on work already being carried on, "the atomic locomotive is only a question of economics," according to the NYC president. The use of the atom as a tool for research and testing is already under way. Many years of effort are expected to be saved by employing atomic research to the fullest extent possible, according to Mr. Wright. Extended service tests of mechanical parts and protective coatings can be greatly speeded.

The NYC has put into use a spectrophotometer for qualitative and quantitative analysis of organic compounds. It promises to provide the road a new method for the selection of paints, and already is expected to save six cents per gallon on car journal oil purchases with a new specification now possible. Other work is being carried on in the electronic and electrical fields. Much of the equipment can be utilized for the NYC's material inspection. The largest economy already being utilized is an annual $16 million saving through spectrometric control of diesel engine lubricating oils which has cut locomotive shop loads and oil consumption (Railway Age, March 26, 1956, p. 54).

The New York Central has been able to staff its laboratory with many people from within its own organization found through the road's inventory of its human resources. The president stressed that the railroads must do their own research instead of having the government do it for them as is the case with the airlines and water carriers. The NYC program "not 'long hair' research," but something which "gives the shipper more economy and service," was the way that President Perlman summarized the overall concept of this new facility.



SPECIALIZED EQUIPMENT for routine investigations and special research includes this infrared spectrophotometer for analyzing organic materials. A separate spectrograph teams up with the production spectrometer in the lubricating oil laboratory to make possible the analysis of inorganic compounds and metals.

FREIGHT CAR QUESTION . . .

Repair and Rebuild, or Buy New?

The theory and policy behind freight car repair and rebuilding programs are receiving increased attention as railroad managements seek solutions that will produce the greatest number of efficient cars at least cost. Freight car maintenance is one of the largest single items of railroad expense; and questions relating to maintenance and repair loom larger as the average age of the railroad fleet increases. Closely related, of course, is the concomitant problem of whether to build new freight cars in railroad repair shops.

When should a car undergo heavy repairs; when should a car be rebuilt; when should a car be scrapped?

Obviously, there are no definite yardsticks applicable to all roads. Maintenance costs are usually buried in a mass of statistics which, under ICC accounting procedures, are lumped under Account 314. And the author would be the last to suggest that any ready-made formula can be applied to all situations any more than General Electric cost control systems might be imposed intact in General Motors.

More Figures Needed

However, from more than 40 years experience and from discussions with associates and others, I have naturally evolved certain conclusions—some dogmatic, others merely a matter of opinion. Still others involve recitation of the obvious.

Of one thing I am certain. The railroad and car building industries are not averse to frank discussion of maintenance and rebuilding. Open discussion often is the forerunner to constructive change.

It is an accepted fact, I believe, that figures are not available from any railroad over an extended period for definite operating and maintenance costs on a given appliance or type of car construction. In part this is due to conformance with ICC accounting procedures. But, whatever the reason, how can anyone know the facts—the real costs—unless reasonably detailed figures are kept with respect to maintaining cars of different types and different constructions within these types?

In the first place, I do not believe that repairs and rebuilding can be made on a generic basis or car classification basis using only the age of the car. The service in which the car has been engaged is the real test, plus its actual physical condition. This can be determined only by individual inspection. Depending on service and usage, some cars in a given lot might well have to be rebuilt after ten or twelve years while others in the same group might not need attention for some years thereafter. There are no generalities which can be employed in a comprehensive repair and rebuilding program. It is a question of individual operating history and inspection.

I am not now, of course, referring to ordinary running repairs but to the shopping of cars and the long term view which must be taken of a given fleet to get maximum customer use and operating efficiency at the lowest possible cost.

So as we consider the rebuilding of cars it is a critical decision with multimillions of dollars as the gamble. At this "moment of decision" there are two definite conclusions which must be arrived at before the final commitment to rebuild is made:

First, that there will be enough years of car life obtained from the rebuilt structure to justify the rebuilding expense, and, second, that the car maintenance cost after rebuilding will be reasonable.

This decision cannot be reached by a hit-or-miss procedure. Careful inspection and sound mechanical and financial determinations are essential to insure efficient results. (The American Railway Car Institute expects to complete a comprehensive study of this subject later this year.)

By LESTER N. SELIG

President, American Railway Car Institute, and Chairman, Executive Committee, General American Transportation Corporation

In short, car maintenance is just not something that can be lumped into a huge account called "Maintenance" on a traditional basis. Too much money is involved. If handled scientifically, both from the viewpoint of operations and finance, three important ends will be achieved—a huge saving of money, better customer acceptance, and a longer and better life for the given car fleet. No one knows better than this writer the terrific problems the railroads have been confronted with in the past twenty years. Yet it seems here is an area of accomplishment which, while not entirely overlooked, certainly has not been capitalized to its fullest extent.

GATC's Practice

It may be worth while to discuss here certain procedures that have been found to be most effective in our operations of private cars of many types, over the years. For, as is also the case with the railroads, maintenance costs are a prime concern not only financially but also because of their relationship to customer acceptance and good will.

So the following are drawn from experience:

1. Based on operating records, standard maintenance and repair procedures are established for all classes of cars. Accurate cost records are kept in detail to determine the worth and efficiency, both mechanically and dollar-wise, of all specialties and of various types of basic car construction.

2. Repairs are categorized from the viewpoint of time consumed in the shops. Car repairs fall in three general classes: those which may consume little time, those which may take somewhat longer and, finally, those which are extensive. The value of these categories is to insure repair shop efficiency to the end that a constant flow of repaired cars is maintained and overhead kept at a minimum.

3. These procedures are paralleled

(Continued on page 42)

▼ **TRIAL BY FIRE**—In preparation for test on Santa Fe, tumbleweeds have been placed under replica of a ballast-deck trestle built of wood treated with Arban 70, which was injected with the preservative.





FIRE PROTECTION
INSIDE THE WOOD . . .

Case of the 'Burning' Trestle

Here's the story of a dramatic discovery in the battle to reduce the fire hazard of timber bridges. It's a chemical—a triphenyl phosphate derivative—that acts as a flame suppressant when injected into the wood along with the preservative.

How effective is it? The pictures on these pages are a "see-for-yourself" demonstration of what happened when a full-size replica of a ballast-deck trestle was exposed to flames of burning tumbleweeds. The temperature? About 1,500 deg F.

For many years, modern preservatives and treating methods have effectively protected wood structures against rot and insect attack. Fire, another enemy of wood, may be the next to lose its punch if work by the Santa Fe fulfills its present promise.

Santa Fe officers, who have been particularly concerned over the potential fire hazard in treated timber trestles, now believe they are close to a solution of this difficult problem. Recently completed fieldscale burning tests indicate that self-extinguishing characteristics can be provided for these structures by adding a fire-retardant chemical to commonly used wood-preserving solutions.

Bridge timbers treated with 12 lb per cu ft of a creosote-petroleum mixture containing 13.5 per cent by weight of a triphenyl phosphate derivative demonstrated impressive fire retardency and resistance to flame spread. Cost increase for this protection appears to be reasonable.

Encouraged by these findings, the Santa Fe has entered into an expanded program in which the material for two standard 10-panel trestles soon will receive fire-retardant treatment in commercial-size treating equipment.

Santa Fe confidence in the integral-treatment approach to fire-resistant trestles stems from more than four years of experimentation during which two realistic methods of fire testing have been developed. In one of these, the so-called overhead panel test, 3-ft by 14-ft experimentally treated panels inserted in a demountable insulated bridge structure were exposed to flames from burning tumbleweeds. These panels, which present a surface comparable to the underside of a ballasted-deck trestle, were weighed before and after burning to estimate the damage they sustained.

Larger scale, more rigorous fire tests of promising chemicals, including triphenyl phosphate and the newer triphenyl phosphate derivative, have been carried out by incorporating them in full-size bridge-section replicas.

Throughout this work tumbleweeds have been used as a flame source due to the rapid, intense heat which they produce and because they represent a major fire problem on the Santa Fe. During full-scale testing, temperatures of about 1,500 deg F are normally generated within 45 sec. Temperatures above 1,000 deg F may persist for five to seven minutes, although the weeds are usually consumed within 70 to 90 sec.

Under exposure conditions of this type, experience indicates that an unprotected structure would be totally destroyed. Fires in bridge replicas treated with creosote-petroleum con-



◄AT PEAK of fire, reached about 45 sec after tumbleweeds were ignited, a temperature of about 1,500 deg F is being generated.



TWENTY MINUTES after fire was started it has become completely extinguished of its own accord.

...That Refused to Burn

taining the retardant were virtually extinguished of their own accord, although isolated flickering in some cases persisted as long as 20 min. Maximum charring observed after such testing was approximately ¼ in.

Throughout three years of tests conducted cooperatively with the Dow Chemical Company, six potential fire retardants in a variety of concentrations and carriers have been studied. Panels containing two types of chemicals in both creosote-petroleum and penta-petroleum solutions were weathered for as much as two years before burning. Comparisons have been made between the performance of commonly used wood species as well as between vapor-dried and air-dried stock.

Why It Suppresses Fire

Of the many chemicals screened for this application, the oil soluble compounds of phosphorus have been most closely investigated since phosphorus oxidation products are well-known flame suppressants. This suppressant property appears to result from catalytic inhibition of chemical reactions associated with certain types of combustion processes.

However, many considerations other than fire-extinguishing characteristics are involved in the choice of a practical fire-retardant chemical. Preliminary selections can be made based on phosphorus content and potential cost. Of equal importance are those qualities which relate to the permanence of the materials under service conditions. Solubility properties should be such that leaching cannot occur and the compound must not be depleted by evaporation.

Long-term chemical stability to both treating and weathering conditions is most critical since breakdown can diminish effectiveness.

The material itself must be noncorrosive and relatively free of toxicological handling hazards. Moreover, the possibility that use of a fire retardant might reduce the service life of bridge structures either through dilution of the preservative or actual damage to the treated wood must always to considered.

Each of these problems has been



SCRAPED AREA after fire shows maximum char depth of 1/4 in. Note that incising marks are still clearly visible.

carefully scrutinized by Dow as a part of its continuing research program in the field of wood-treating chemicals. It is reported that detailed studies of chemical stability show the triphenyl phosphate derivative to be the most stable material examined to date. The product is known by the trade name Arban 70.

Its inclusion in creosote-petroleum mixtures appears to alter neither their corrosion characteristics nor the effect of these solutions on the strength properties of treated wood. Extensive research currently under way is designed to determine conclusively whether fire-retardant chemicals act only as diluents or whether such chemicals can actually be expected to contribute some preservative value of their own.

It appears that the pursuit of this fire-resistant development by the Santa Fe has contributed to the railroad industry a means of eliminating a potentionally costly hazard. In addition, it is felt in some quarters that the availability of an effective fire-retardant material that can be injected with the timber preservative introduces a new factor in the long-standing debate concerning the relative economic and practical advantages of timber versus other types of construction for railroad bridges.

WHAT IT COSTS

The tests of a triphenyl phosphate derivative on the Santa Fe have been made with ballast-deck trestles. Such structures built to this road's standard plan, and having piling 40 ft long, have an average of 32 cu ft of wood per lineal foot of single-track bridge. Practice on the Santa Fe is to treat bridge timber with a 50/50 creosote-petroleum solution to a retention of about 12 lb per cu ft. For ballast-deck trestles the fire suppressant is included in the treating solution in the amount of 13.5% by weight. On this basis the added cost is about $13 per lineal foot of trestle.

At this point it is not possible to estimate the cost of treating material for open-deck trestles by this method. Further tests are now being planned to determine the concentration required for this type of construction. Tests are also contemplated to determine the requirements where bridge timbers, previously treated with preservative alone, are retreated to inject the fire retardant.

Railroading After Hours with Jim Lynn



TRUCK ADVERTISING—Speaking of advertising and selling, J. J. Devine of Westphalia, Kan., writes me about the truck industry's advertising—seeking to leave the impression that "you don't have it unless it came by truck." He asks: "And how would the trucks get it there without the taxes we pay to build the roads?"

Mr. Devine's question is a rational one—which, as I get it, is not the basis of the truckers' advertising appeal.

They are selling "a new way of life" and are endeavoring to implant, not so much friendly *thoughts* about their business, but friendly *feelings*. And probably *feeling* has as much to do as *thinking*, with the public's attitude toward an industry. That's why alertness and courtesy are so important—more important in some cases, maybe, than superior efficiency and economy.

PASSENGERS, LOOKING UP—With all the cold water that some people have been pouring on the passenger business, I am encouraged to note that there is also going around a lot of realistic optimism about it—especially among the people who know most about it,. I don't know anybody who has really spent time studying the situation who doesn't believe that there are plenty of kinds of movements where railroad passenger service should hold its own and show substantial growth.

I get a lot of mail from employees in the ranks indicating their interest in the passenger business—for example Ticket Clerk W. S. Nelson at Pueblo—who is enthusiastic, not only about the coach business, but also about the potentialities of low-cost sleeping car travel.

There's no doubt that the railroads' strongest point is in providing "mass transportation"—and that long-haul coach traffic is the natural spot for "mass transportation" development. But the efforts being made to provide sleeping accommodations on a quantity basis are encouraging too.

"MOTIVATION RESEARCH"—I've just been reading a book called "The Hidden Persuaders" by a fellow named Vance Packard. It tells about how sellers of various products—with the aid of psychologists and other professors—are learning how to appeal to people's instincts and other subconscious urges (rather than to their reason) in the marketing of consumers' goods. There are certainly some railroad applications to this—things to beware of, anyhow.

They call this study of theirs "Motivation Research," or MR for short. To indicate the kind of ideas these people are turning to—Author Packard quotes one of his authorities as observing that women will pay no more than two bits for a bar of soap, but will cheerfully shell out 10 times that amount for a jar of skin cream. Explanation: the soap will only make them clean, but the cream will make them beautiful. "The women aren't buying a product, they're buying a promise."

The author names product after product (including air transportation) which are merchandised—not by appeals to reason, on the merits of the article, but on the strength of feeling some people are induced, more or less subtly, to have about it.

All the evidence I've seen indicates that such unsubstantial sales arguments—however effective in behalf of such things as soap and household appliances—will not work in the selling of equipment to industrial buyers. But pleasant impressions—over and above the merits of the product or service itself—don't hurt the sales of anything.

P&S DIVISION GETS THE 'LOW DOWN'. . .

To Save, Spend; To Compete, Fight

With costs skyrocketing, the big problem is to spend properly and get your money's worth, AAR's Purchases and Stores Division stresses at its Chicago meeting

The significance of a mountain of scrap metal, a half-billion-dollar annual fuel bill, and inequitable government regulation were among the topics that occupied the thoughts of some 1,500 people at the annual meeting of the AAR's Purchases and Stores Division in Chicago this month.

During the three-day meeting, which began May 15, railway purchasing officers and suppliers heard . . .

—From Harry C. Murphy, president of the Burlington: "Railroads provide a huge market for the products of industry. Their purchases not only bolster, but do much to stabilize our national economy. Last year, for capital improvements and miscellaneous materials, they spent nearly $3¼ billion."

—From Philip A. Hollar, vice-president-assistant to president of the AAR: "How each form of transportation may share in the expanding transportation requirements depends upon how well each mode of transportation succeeds competitively in adapting itself technologically, as measured in terms of cost and service, to the changing circumstances in requirements of those who use transportation."

—And from Warren W. Brown, president of the Monon: "Gentlemen, if we don't do something to snap this industry out of the doldrums, our stockholders are going to step in and do it for us."

During the meeting purchases and stores representatives learned some effective techniques for best spending the estimated $2 billion which railroads will pay out this year for fuel, materials and supplies.

Scrap Rate Higher

The extent to which the railroads are accelerating their postwar program of replacing old equipment and materials is indicated by the upturn in the amount of scrap they've made available to steelmakers, reported J. F. Haase, chairman of the division's scrap committee and storekeeper of the Norfolk & Western.

Last year, the railroads developed over 4,310,000 tons of scrap metal—more than 258,000 tons above the 1955 amount. Included in this total last year were nearly 18,000 freight and passenger cars and locomotives with a total weight of more than 700,000 tons.

Nearly a third of what the railroads spent for supplies and materials last year went for petroleum products and coal—and the bill was 5% higher

P&S DIVISION'S NEW OFFICERS

Chairman—John S. Fair, Jr., general purchasing agent of the Pennsylvania, Philadelphia. Vice-chairman last year, he succeeds Carl E. Swanson, assistant general purchasing agent of the Burlington.

Vice-Chairman—Ottis O. Albritton, vice-president of the Illinois Central's purchases and stores department.

General Committee—J. T. Healy, general purchasing agent, Louisville & Nashville; V. E. McCoy, chief purchasing officer, Milwaukee; G. L. Mitchell, general purchasing agent, Atlantic Coast Line; F. W. Pettit, general purchasing agent, Western Maryland; A. L. Prentice, vice-president, purchases, New York Central; E. M. Pulsipher, general storekeeper, Great Northern; W. G Rathert, assistant general purchasing agent, Missouri Pacific.

The Purchases & Stores Division meeting in 1958 again will be in Chicago.



JOHN S. FAIR, JR.



CARL E. SWANSON

than in 1955, said C. F. Jensen, chairman of the Petroleum Products and Coal Committee and petroleum products buyer for the Milwaukee.

Last year, the railroads spent $522,647,000 for petroleum products and coal, the biggest single item of which was $400 million worth of diesel and residual fuels and gasoline used in train service. Railroad purchases of diesel fuel alone were up nearly 10% over 1955.

And though coal-burning steam locomotives may be nearly a thing of the past, Class I railroads still spent $69 million for bituminous and antracite coal last year, Mr. Jensen's report said.

Railroads As Tree-Planters

Although railroads aren't usually considered in the forestry business, they have practical reasons for maintaining a vital interest in the nation's forests—both from a use and a traffic standpoint, explained F. H. Haas, purchasing agent of the Union Pacific at Portland, Ore., and acting chairman of the AAR division's forest products committee.

Mr. Haas described how one railroad has launched a project of planting 400,000 seedling trees on about 600 acres of denuded land, and how another has invented a mechanical tree-planting machine that can plant 1,000 seedlings an hour. This road, Mr. Haas said, has conducted more than 1,200 mechanical tree-planting demonstrations for more than 63,000 farmers and timberland owners in the past eight years.

During the meeting, co-winners were announced for the division's annual essay contest. Algernon Meigs, Jr., a discount clerk for the Atlantic Coast Line from Wilmington, N.C., delivered his paper, "Prepare for Tomorrow."

The other winner, Thomas J. Brosnan, an equipment buyer for Pacific Fruit Express at San Francisco, read his winning essay, "What Improvements Can Be Made in Ordering, Purchasing and Elimination of Expensive Paper Work in Order to Bring About More Efficient, Less Costly Operations."

Mr. Murphy stressed some of the important aspects of the purchasing department's job—holding inventories as low as possible consistent with day-to-day requirements; avoiding stocking items too far in advance of need to reduce obsolescence; and working toward more standardization of parts and equipment.

"Railroads provide a huge market for the products of industry. Their purchases not only bolster, but do much to stabilize our national economy."—Harry C. Murphy.

He stressed that a railroad's purchasing department should be kept currently informed by the operating and other "user" departments of both current needs and anticipated changes in standards or specifications, as well as of newly authorized projects.

"All departments of a railroad working together have a joint responsibility to carry down from gross to net an amount sufficient to pay fair dividends to the owners of the property and have enough left over for improvements to physical plant that are necessary to insure maximum efficiency and economy of operation," Mr. Murphy declared.

"It is necessary that we obtain a maximum return from our operating expense dollar, and since the larger part of that dollar goes for the railroad's 'necessities of life,' purchases and stores has a real job cut out for it."

Intercity Freight to Go Up

Government surveys indicate that total intercity freight traffic in 1975 will be 65% more than it was in 1955. Mr. Hollar declared. But if the railroads are to share fully in the increase, they must, he said, "be permitted equality of opportunity with other means of transport in the competitive arena."

Never in the long history of the railroad industry have research and innovation been carried on with more vigor, he said.

"The very nature of railroad transportation makes high volume indispensable to economical operations and achievement of adequate earnings. Equal competitive opportunity to demonstrate this potential is one of the basic needs of the railroads—even as it is the basic requisite of any sound and adequate transportation system or other business enterprise."

Mr. Hollar expressed his belief that American tradition of "fair play and equality" will be influential in correcting present public policies on transportation which limit and restrict the full economic use of railroads.

"It is a confidence," he said, "which takes comfort from the encouraging signs on the horizon that there is an awakening public realization of the necessity for the railroads, through their own efforts, to earn a fair rate of return."

Stress the Big Things

The Monon's Warren Brown declared at the P&S Division's annual luncheon that paramount in each railroader's mind today should be the "dire need for bringing about the broad internal policy changes and the external reforms which are so necessary to equip his industry to compete for a larger volume of business and to earn a reasonable return on investment." To wit:

"We continue to be a prime target for every aspiring politician who wants to get his name in the papers. All he has to do to get public recognition is to take a slap at the railroad industry. Unfortunately he gets his recognition because the criticism finds sympathetic public acceptance and also because the industry doesn't fight him back.

"The increasing budgets of local governments constitute opposition to our future. You may expect enlarged and disproportionate property assessments, along with continued agitation for, and the ultimate success of, legislation making it mandatory for railroads to assume the full cost of grade separations.

"Our problems with labor are ominous for the future. I feel that we in rails will be presented with requests for a guaranteed annual wage and a supplemental trusteed pension plan for all railroad employees in addition to their Railroad Retirement annuities, plus a four-day week.

"We are faced with a serious problem in the federal employers' liability act. In many, many instances today we are not compensating a man but are being forced to actually reward him for nothing but sheer carelessness.

"The principal transport agency loser in any recession in business has to be the railroad industry. We might remember that while we have the built-in capacity to handle great volumes of tonnage, the trucking industry has the built-in flexibility to take almost everything away from us at will."

Smucker Urges Curbs On Private Transport

(Continued from page 16)

transportation are not possible without reasonably accurate knowledge as to what traffic is moving, where, and by what means. He also advocated some kind of index of transport costs which, when it rises, would authorize increases in rates without the necessity for costly and prolonged hearings.

Mr. Lyne contended that progressive retirement of the railroads from providing "retail services" is no sign of railroad retreat, but instead evidences growing railroad strength. The more railroads concentrate on hauling freight in quantities of 100 cars or more, and passengers in trainloads up to 1,000—the quicker they will get their unit costs down, and the stronger they will make themselves competitively. And they should, he urged, use their low unit costs in competing for traffic. The day of "administered prices" in transportation is ended, and competition now rules. The quicker that fact is accepted and acted upon, the speaker insisted, the better it is going to be for everybody in transportation.

"The contention of the ICC that they must keep on regulating rates to preserve orderly business in transportation is specious," Mr. Lyne said. "The ICC's position is like that of a schoolmaster who insists he is maintaining discipline in his class—while he has no authority or control over half his pupils."

The speaker predicted that competition and not the ICC's effort to "administer" prices will win out eventually—because "if a carrier wants to charge a patron only $1 for a service, and the carrier's competitors and the ICC insist that the rate must be $2—just to keep the efficient carrier's inefficient competitors in business—eventually the carrier's patrons are going to be heard from."

Michigan State's Professor of Transportation Frank Mossman presided at the opening session. On the second day of the conference, the subject was "Selling Traffic Management" and speakers included Professor George P. Baker of Harvard Business School (president, TAA) and Professor Virgil Cover of Syracuse University.



Reading Unveils $1.2 Million Crane Facilities

Best heavy-lift pier facilities on the Atlantic Coast are claimed for the Reading by its president, Joseph A. Fisher. The Reading's chief executive made this claim last week as the railroad unveiled three new 50-ton, all-electric revolving gantry cranes (above), erected at a cost exceeding $1,200,000, at its Port Richmond (Philadelphia) terminal. Two other cranes, in use for some years, are visible in the background. The new cranes, with a boom length of 90 ft, can be fitted, through change of lift equipment, for handling any type of load.

Serviceable Fleet Lost 1,000 Freight Cars in April

The serviceable freight-car fleet of Class I railroads dropped 1,000 cars in April, but the May 1 total was 19,217 cars above that of May 1, 1956.

This was reported by Chairman A. H. Gass of the Car Service Division, Association of American Railroads, in his latest review of "The National Transportation Situation."

The 1,000-car loss was due to an increase in the bad-order backlog which exceeded the net gain from new-car installations. The latter amounted to 4,097 cars, the April installations having totaled 8,055 cars while retirements totaled 3,958 cars. Meanwhile, the bad-order backlog increased 5,097 cars—from April 1's total of 70,220 cars to 75,317 cars on May 1.

Detention reports for April indicated that 20.86% of the cars placed in that month were detained beyond the free time. That compared with 20.72% for the previous month and 20% for April 1956. Latest performance data showed that freight cars produced an average of 985 net ton-miles per serviceable car per day in February. That compared with January's 936 and February 1956's 1,027.

Taylor's Routing Power Continued

ICC Service Order No. 562 has been modified by Amendment No. 9 which set back the expiration date for another year—until May 25, 1958.

Under the order, Director Charles W. Taylor of the commission's Bureau of Safety and Service is commission agent with power to authorize diversion and rerouting of freight cars to meet emergency conditions.

Financial

Dividends Declared

CHICAGO, ROCK ISLAND & PACIFIC.—67½c, quarterly, payable June 29 to holders of record June 13.

NORTH PENNSYLVANIA.—$1, quarterly, paid May 25 to holders of record May 17.

PITTSBURGH, YOUNGSTOWN & ASHTABULA.—7% preferred, $1.75, quarterly, payable June 3 to holders of record May 20.

ST. LOUIS-SAN FRANCISCO.—37½c, quarterly, payable June 17 to holders of record June 3.

SOUTHERN PACIFIC.—75c, quarterly, payable June 17 to holders of record May 27.

VIRGINIAN.—$1, quarterly, payable June 14 to holders of record May 31.

People in the News

ATLANTIC COAST LINE.—**J. H. Lines,** general industrial agent, New York, appointed assistant to vice-president there. **Chilton Roberts,** general industrial agent, Boston, Mass., transferred to Atlanta, Ga., succeeding **H. S. Young,** retired.

Prime F. Osborn appointed vice-president and general counsel, Wilmington, N.C. **Horace M. Emerson** named assistant treasurer.

C. E. Bond, assistant general freight agent, Wilmington, appointed general freight agent there. **J. P. Taylor, Jr.,** named assistant to freight traffic manager, Wilmington, succeeding **D. A. Boyette,** who succeeds Mr. Bond as assistant general freight agent. **B. J. Wooton** appointed general agent, Columbia, S.C.

BALTIMORE & OHIO.—**J. E. Maxwell,** superintendent, Akron division, Akron, Ohio, appointed superintendent transportation, Pittsburgh, Pa., succeeding the late **C. H. Richards. H. I. Walton,** superintendent, Chicago division, Garrett, Ind., succeeds Mr. Maxwell at Akron. **H. O. McAbee, Jr.,** named superintendent, Baltimore Terminal division, Baltimore, Md., succeeding **R. J. Cannon,** who replaces Mr. Walton. **O. H. Fletcher,** assistant superintendent, Pittsburgh division, Pittsburgh, named superintendent, Buffalo division, Punxsutawney, Pa., succeeding **H. D. Graffious,** retired. **John Edwards,** trainmaster, Pittsburgh, succeeds Mr. Fletcher.

Irving C. White, superintendent, relief department, appointed manager, employee benefits, Baltimore.

Arnath W. Knabe, industrial agent, Baltimore, named assistant manager industrial development, Baltimore. **Thomas G. Gordon,** assistant industrial agent, Cincinnati, Ohio, replaces Mr. Knabe at Baltimore.

M. L. Mollman, assistant general freight agent, Baltimore, appointed general freight agent there, succeeding **R. Jervis Beggs,** retired. **M. I. Zimmerman,** commerce agent, Baltimore, succeeds Mr. Mollman. **Harry E. Neu** promoted to commerce agent.

BOSTON & MAINE.—**H. J. Conway,** auditor of freight receipts, Boston, Mass., named auditor of revenue. **G. S. Woodman,** auditor of agencies, appointed assistant auditor of revenue. **G. A. Pickett,** auditor of passenger receipts, named assistant auditor of revenue—passenger.

CANADIAN NATIONAL.—**Joseph C. Kenkel,** assistant to vice-president, operation, Montreal, appointed European general manager, London, England, succeeding **James B. Thom,** who retires July 1.

Dr. Omond M. Solandt, assistant vice-president, research and development, Montreal, appointed vice-president, research and development, succeeding **Starr W. Fairweather,** retired.

H. C. T. Boyd, acting chief of research, named chief of research.

G. R. Lutes, assistant general car accountant, appointed general car accountant, system, Montreal, succeeding **H. C. Rochester,** retired.

John L. Toole, assistant comptroller, Montreal, appointed comptroller there succeeding **Robert D. Armstrong,** promoted to vice-president, accounting and finance. Mr. Armstrong's middle initial was reported incorrectly in Railway Age, May 6, p. 17.

William P. Moffat, chief of research, appointed to newly created position of coordinator of data processing, Montreal.

CHESAPEAKE & OHIO.—**C. Craig Kimball** and **John J. Holden,** assistant general attorneys at Cleveland and Detroit, respectively, promoted to general attorneys.

CHICAGO & EASTERN ILLINOIS.—Effective July 1, **Guy H. Van Swearingen,** assistant to president, Chicago, named a vice-president.

ERIE.—**Joseph D. Chwan,** special agent, claim department, New York area, appointed district freight claim agent, Jersey City, N.J., succeeding **P. A. Scullion,** retired.

LOUISVILLE & NASHVILLE.—**James W. Hoeland,** assistant to general solicitor, Louisville, advanced to commerce attorney, succeeding the late **M. T. Hastings** (Railway Age, Apr. 29, p. 46). **C. D. Temple,** claim agent, Birmingham, Ala., appointed attorney, Louisville, succeeding **John F. Smith, Jr.,** who replaces Mr. Hoeland.

Following titles changed: **S. C. Snow,** from superintendent of motive power to superintendent, motive power maintenance; **J. S. Swan,** from supervisor of locomotive operation to superintendent, motive power operation; and **R. F. Stucker** from manager of scheduling to superintendent, motive power production control.

J. M. Vawter, F. J. Flaspoehler, Jr., and **H. E. Reynolds** appointed assistant superintendents, motive power production control, Louisville.

H. G. Breetz, assistant general attorney, Louisville, assigned also to duties of district attorney for eastern Kentucky and Virginia, formerly held by the late **C. E. Rice, Jr. J. M. Terry,** general claims agent, Louisville, named also claims attorney.

MARYLAND & PENNSYLVANIA.—**A. M. Bastress,** treasurer and traffic manager, Baltimore, elected vice-president and secretary, succeeding **E. J. Weber,** who retired March 31. **J. N. Frantz, Jr.,** auditor, assistant secretary and assistant treasurer, elected treasurer and assistant secretary and will continue as auditor. **W. T. Peregoy** elected assistant treasurer. Title of traffic manager abolished.

NEW YORK CENTRAL.—**John B. Joynt,** manager, management services department, American Enka Corporation, appointed vice-president of management planning, NYC. **Leo B. Fee,** director of labor relations, named vice-president of employee relations. **Lawrence W. Horning,** vice-president—personnel, named vice-president in Washington, D.C., where he will act as executive representative and will be responsible for relations with government agencies and officials, as well as officers of other railroads and railroad associations and NYC customers.

RUTLAND.—**Heaton L. Bullock** appointed district sales representative in charge of a newly opened office in Minneapolis, Minn.

SOUTHERN.—**Neil B. Coggins,** general storekeeper, Washington, D.C., appointed manager purchasing and stores at that point. **Carl A. Hoover,** traveling storekeeper, Washington, named general storekeeper there. **Edward M. Caldwell,** division storekeeper, Alexandria, Va., appointed assistant to manager purchasing and stores, Washington.

SOUTHERN PACIFIC.—**T. Louis Chess,** general passenger agent, San Francisco, retires May 31.

TEXAS & NEW ORLEANS.—**Wills J. Carter,** foreign freight agent, Houston, Tex., retired April 30.

UNION PACIFIC.—**C. J. Exline** appointed assistant superintendent of safety and courtesy, Wyoming division, Cheyenne, Wyo., and **W. R. Tuel** named safety and courtesy representative, Eastern district, Denver, Colo.

J. F. Menous and **G. R. Rasmussen** apponted district storekeepers at Omaha, Neb., and Salt Lake City, Utah, respectively. **L. H. Johnson** named division storekeeper, Denver.

WESTERN MARYLAND.—**Allen H. Root** appointed district traffic manager, Reading, Pa., succeeding **Joseph L. Miller,** resigned to enter the industrial traffic management field.

OBITUARY

Charles A. Gill, 73, former vice-president, operations and maintenance, **Reading,** and later consultant to director of transportation, American Staff Government in Germany, died May 18 at Baltimore, Md. Mr. Gill was a past president, New York Railroad Club (1937-38).



J. E. Maxwell
B&O



H. O. McAbee, Jr.
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O. H. Fletcher
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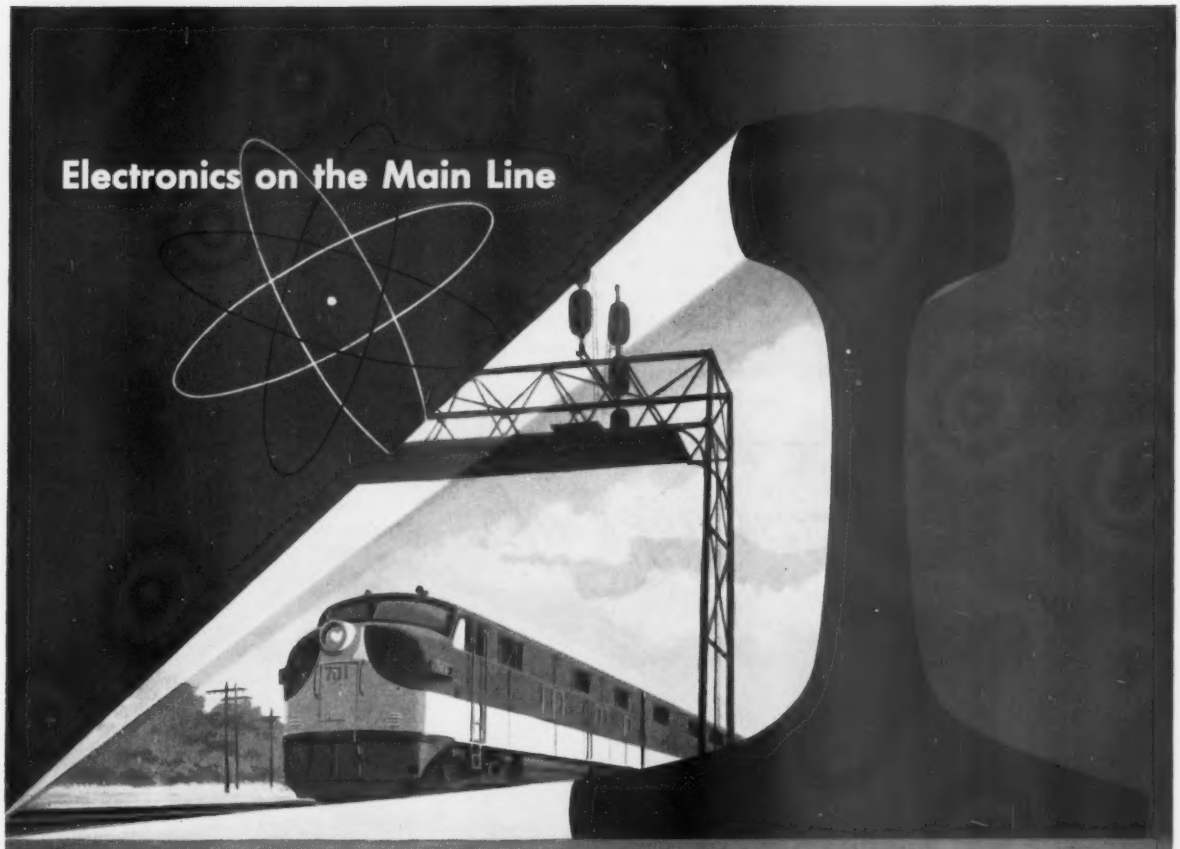
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Repair and Rebuild, or Buy New?

(Continued from page 33)

with a controlled inventory of repair materials through a stock catalog system, to take care of the demand made upon it by the standard maintenance procedures. This enables quantity buying and thus the best prices, particularly on specialties. Further, this procedure leads into a reclamation system of reworking and repairing good usable car parts and specialties which, if handled efficiently, can save thousands of dollars.

4. As cars go through repair shops in this way, the next very important procedure is preventive maintenance. This is the technique of doing while a car is under repair, not only that which *has* to be done but that which *ought* to be done to prevent more expensive repairs in the near future. Competent car foremen and inspectors can, and do, accomplish this, if they are instructed to do it, as a matter of general policy. A car's appearance is quite important to shippers and this planned procedure can go far to improve, among other things, outside appearance (by painting, which lengthens car life) and also inside appearance.

Separate Facilities Suggested

We know from experience that it is not easy to establish these systems. The process is time consuming and costly. But it pays off in reduced maintenance expenses, better car repairs and less out-of-service time.

Let me turn briefly to another closely related subject, the building of freight cars in railroad shops.

The experience of two large companies which both manufactured and operated their own cars has definitely proved that new freight cars cannot be produced economically in a facility that was originally designed for repairing. It is both expensive and obstructive from the viewpoint of performance and delivery to manufacture and repair or rebuild in the same facilities.

We know that the fundamental concept for new production is entirely different from repairing or rebuilding; and the pace of operations is different, to say nothing of the theory. Rebuilding and repairing are radically different from creating a new product.

New Practices Needed

In order to achieve the best results from a long-term program of maintenance and rebuilding, the railroads need every large and adequate facility they now have, devoted solely to this purpose.

We are looking forward to an era of real prosperity for the railroads. They are vital to our general economy and national defense. It has been my observation that part of this program for keeping the railroads the Mr. Big of modern transportation means an evolution from practices that have grown somewhat Topsy-like to reasoned and planned maintenance programs more similar to those of manufacturers who keep careful cost records on every important piece of equipment and its normal life expectancy.

In the fast-moving, highly competitive industrial economy of a growing America it may well be that the dollar saved is of equal importance to the dollar of increased income.

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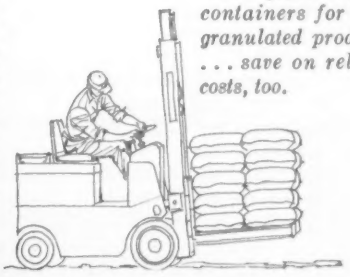
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NEW COST-SAVING METHOD *35-40 tons of Vinyl Resin at one time in contamination-free Airslide Car.*

UNION CARBIDE'S BAKELITE DIVISION has been making interplant bulk shipments in hopper cars for several years, and in 1955 supplemented the movement with fifteen 3600 cubic foot capacity Airslide® Cars. Bulk shipments of vinyl resins, particularly in Airslide Cars, provide savings and, equally or more important, their experience proved Airslide Cars deliver products free of contamination. That is why Bakelite, just one year later, ordered 25 additional Airslide Cars from General American Transportation Corporation to augment the cars presently in use.

You, too, like scores of producers of dry, granular products, can benefit with General American's Airslide Cars—"bulk ship" in complete confidence in contamination-free Airslide Cars—save on bags, drums or similar costly containers. You'll find . . . *it pays to plan with General American.*

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GENERAL AMERICAN TRANSPORTATION CORPORATION
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Plants and offices in principal cities

Bookkeeping Changes No Cure-Alls

(Continued from page 11)

Bretey, security analyst and partner in the New York investment banking firm of Hayden, Stone & Co. Mr. Bretey pointed out that railroad financial reports uniformly indicate the amount of tax deferral arising from amortization deductions. And he also said that any overstatement in earnings which may result from current accounting requirements could be cushioned by more realistic normal depreciation rates in the future.

Comparing railroad accounting peculiarities with those of industrial companies, Mr. Bretey has concluded that "such distortions as do appear in railroad accounts are relatively minor." Advantages of continuity "should not be thrown overboard for a substitute of doubtful value," he advised.

The ICC has estimated that total tax deferrals as a result of the fast-amortization program would exceed $1 billion. The program has been closed as to railroad facilities, and the commission sees "no prospect" that it will be reopened.

The proposal to provide depreciation accounting for track items was made by Andersen, but was not among recommendations of the AIA committee. The Andersen argument is that the present practice makes it difficult to determine what railroad financial results really are.

In opposing this proposal, the AAR's Seder says it would have the railroads capitalize the cost of repairs. For the items involved, the AAR vice-president argues that present accounting "is superior since it clearly reflects the inflation of price levels which depreciation accounting cannot do."

Here, again, Analyst Bretey is on the AAR's side. He says the replacement accounting prescribed for track items, "far from misleading the investor, actually helps him by portraying the true situation."

The ICC has nevertheless issued a "notice of proposed rule making" which invites interested parties to state their views on the matter. The presentations are due July 1. The commission previously issued another notice proposing changes in line with recommendations of the AIA committee, but not the tax-equalization proposal (Railway Age, Apr. 22, p. 12).

The proposed capital maintenance reserve contemplates that reserves for replacement of property should be adequate to allow for inflation. Together with the normal depreciation reserve, it would provide for replacements at prices current when property is retired.

That phase of the proposal which contemplates building the supplemental reserve by charges to operating expenses would require legislation to make such charges deductible for income-tax purposes. The Eisenhower administration would perhaps oppose such legislation, as it has been objecting to most proposals which would involve an immediate loss of tax revenue.

Also, the proposition would have to be "sold" to the ICC if it were to affect railroad reporting there. It might be received sympathetically at the commission if it included arrangements for funding the reserve, i.e., maintaining, in equal amount, earmarked liquid assets which would be available when replacement times came.

The idea of writing off railroad facilities over shorter service lives than are now used could result in substantially increased annual depreciation charges. These would serve to cushion abnormal declines in earnings which otherwise would come after termination of accelerated-amortization charges.

The proposal to alter the adjustment made 15 years ago for past accrued depreciation of fixed property is pending before the House Committee on Ways and Means. The adjustment set up a reserve amounting to 30% of the capitalized value of the property involved. Actual depreciation charges are based on the capitalized value, but the reserve arrangement has the effect of cutting the total amount of such charges.

The legislative proposal is to waive the reserve requirement as to past accrued depreciation on property not yet written off—except as it applies to property placed in service prior to 1913. This, too, would tend to act as an offset to the loss of fast-amortization charges.

The Treasury's attitude is the usual one—concern about immediate revenue losses. It has expressed such concern even though it concedes that the proposed alteration might be desirable in the long run. The railroads, on the other hand, say that immediate revenue losses from the proposed legislation would be very much less than they would be if the carriers are successful in pending litigation involving the matter.

Sale of Diesel-Electric Locomotives

under

New York, Ontario and Western Railway

Equipment Trusts of 1945 and 1947

June 25, 1957

Pursuant to an order of the United States District Court for the Southern District of New York, filed in the office of the Clerk of said Court on May 13, 1957, in the cause entitled *United States of America v. Louis D. Freeman, Trustee, etc., et al.* (Civil Action 116-204), the undersigned will sell at public sale at the United States Court House, Foley Square, New York City, on June 25, 1957, at 10:00 o'clock in the forenoon, Eastern Daylight Saving Time, or at such later hour and day to which such sale may be adjourned, the property in said order described and therein authorized to be sold, to which order reference is made for the terms of sale and for a description of said property, which consists of diesel-electric locomotives built by General Motors Corporation and covered by the above described Equipment Trusts, as follows:

9 2,700 h.p. freight locomotives each consisting of 2 units of 1,350 h.p.;
7 1,500 h.p. freight locomotives each consisting of 1 unit; and
21 1,000 h.p. switching locomotives.

Said freight locomotives are presently located at the New York, Ontario and Western Railway Middletown yard at Middletown, N. Y., and said switching locomotives are presently located at the New York Central Railroad Selkirk yard at Selkirk, N. Y.

Copies of the required Form of Bid, together with the Invitation to Bid and said order, may be obtained from, and arrangements for the inspection of said locomotives prior to sale may be made with, The Hanover Bank (Mr. J. T. Harrigan, Senior Vice President), 70 Broadway, New York 15, N. Y., or Jacob Grumet and James B. Kilsheimer, III, Receivers of the property of New York, Ontario and Western Railway Company, 39 Broadway, New York, N. Y.

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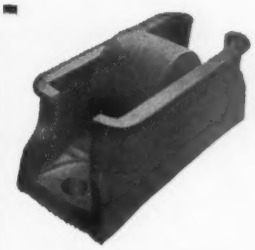
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Who's Hauling the Canned Goods?

The Census Bureau has recently issued a 40-page report entitled "Transportation and Distribution of Products by Canned Fruits and Vegetables Industry: 1954." The report was prepared by Dr. Donald E. Church, chief of the Census Bureau's transportation division. Some of the salient findings of this inquiry are set forth graphically in our chart at the bottom of this page.

Data Needed on All Commodities

There are no reliable figures available as to the volume and location of total transportation performance in this country—and this study by the Census Bureau corrects this lack of information for only one important commodity. Similar figures *ought* to be made available for all important commodities. The Census Bureau had planned a census of transportation for next year—but the project has been abandoned in the interest of economy.

When the demand goes out for economy in government, it is always legitimate government functions—such as the collection of statistical information—that are made to suffer. Nobody ever sees to it that the pruning is done in areas where really profligate governmental extravagance is occurring, viz., in expenditures for such socialistic ventures as highway subsidies and toll-free waterway construction.

Detailed figures on movement of freight by rail are available, of course, from the ICC—but data on the volume, character and location of commercial highway traffic are little more than guesses. This one study indicates that, measured by tons carried, highway movement of canned goods is 47.7 per cent of the total. Measured by ton-miles, highway movement is 18.6 per cent of the total. Not shown in our chart is the report's disclosure that a substantial part of the truck movement (40 per cent of the tons and 33 per cent of the ton-miles) is by private trucks.

Such information should be of great significance to highway planners, and to taxing authorities. Of the billions the government is spending to foster highway transportation—just what lengths of haul, and what commodities are the principal beneficiaries?

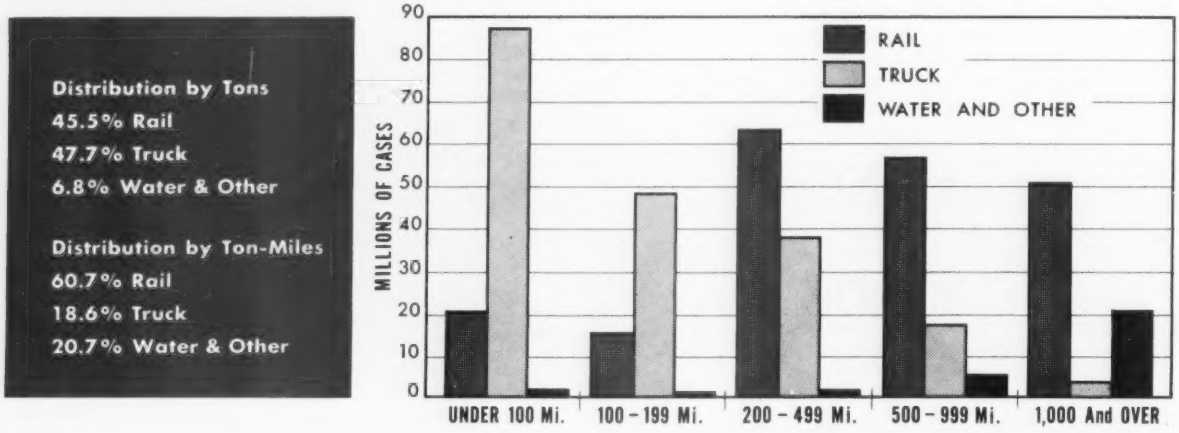
Such statistics are of the greatest importance to railroad rate-makers, and to other for-hire carriers. Just for instance—knowing in what mileage blocks the diversion of traffic is greatest, railroads (or other for-hire carriers) can study their rates and costs (and comparative competitive costs) for this commodity in these mileage blocks. Such studies might well disclose that adjustments in rates could be made in these areas which would win back a lot of this traffic.

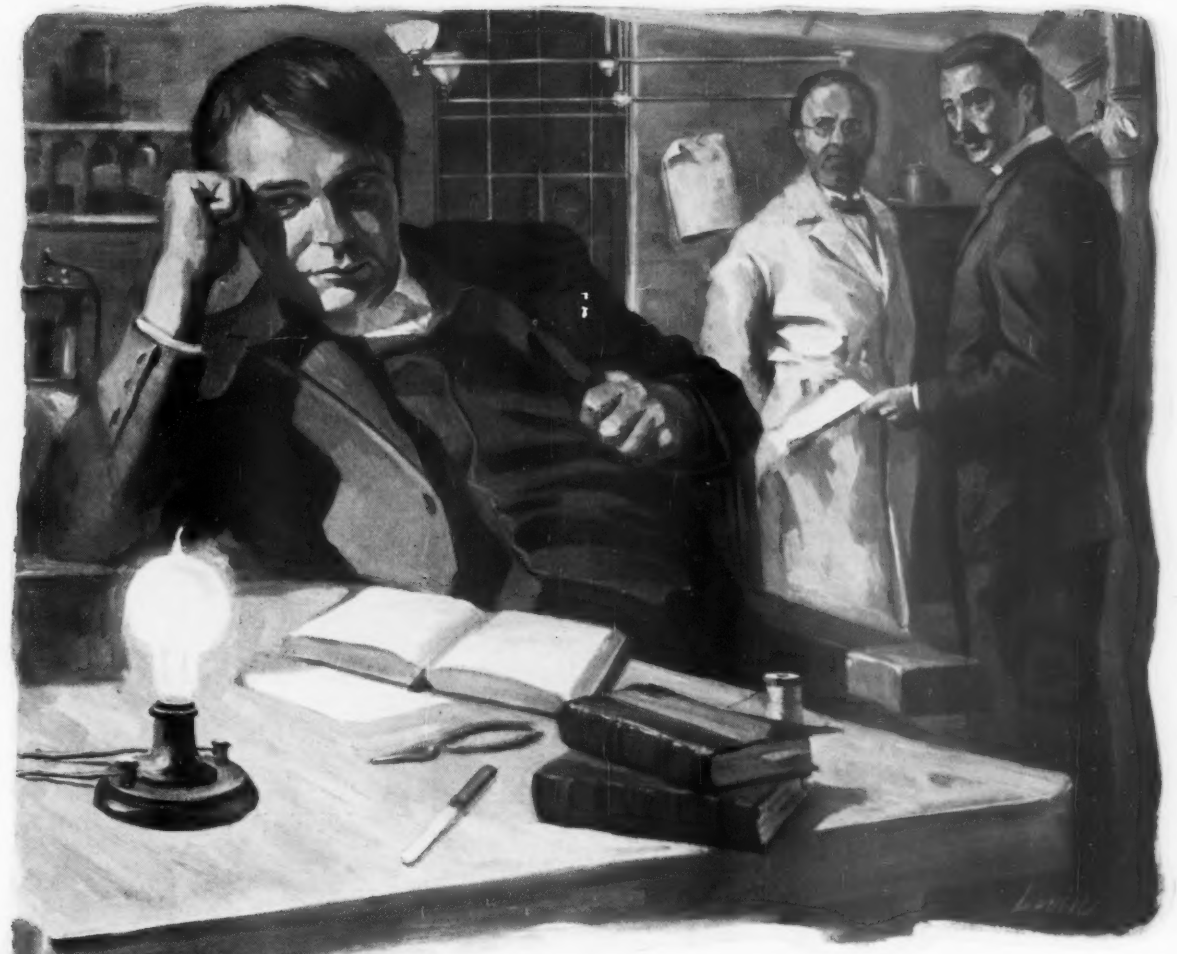
An industry is working in the dark when it doesn't know the detailed totals of production and sales of the service it is selling. That is the way the railroads have been working in their competition for freight traffic in many important commodities.

Railroads just cannot plan their market and price strategy intelligently without this information and the Census Bureau is undoubtedly better equipped to get such data—more completely, more reliably, and at less cost—than other organizations, public or private. If such information is not going to be collected by government—always penny-wise and pound-foolish—then sampling techniques will have to be found to develop the figures in some other manner.

Such information is needed—not just on a one-time basis, as provided in this Census study—but repetitively, every couple of years, by some sampling method—so that trends may be detected.

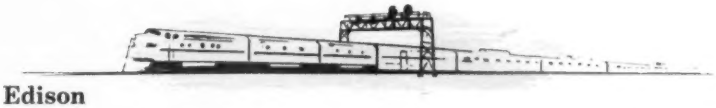
Cases of Canned Fruits & Vegetables Moved by Various Transport Agencies, 1954





Human history is in essence a history of ideas*

*H. G. Wells 1895



Thomas Alva Edison

Harnessing electrical energy was his fixed idea At 27 he had invented the world's first incandescent lamp. Edison, a practical genius, inspired his team with enthusiasm. In the ensuing 57 years of his life he led them to find more ways to make electricity produce sound, light, motive power and heat —with more ideas than any other man of his time.

The Kerite Company was established when Edison was but eight years old. By the time his inventions were ready to add to America's prosperity, Kerite craftsmen had acquired more than a generation of cable-making "know-how." The newly formed utility and railroad companies of the 1870's relied then, as do their successors today, on the unfailing service and long life of Kerite cable.

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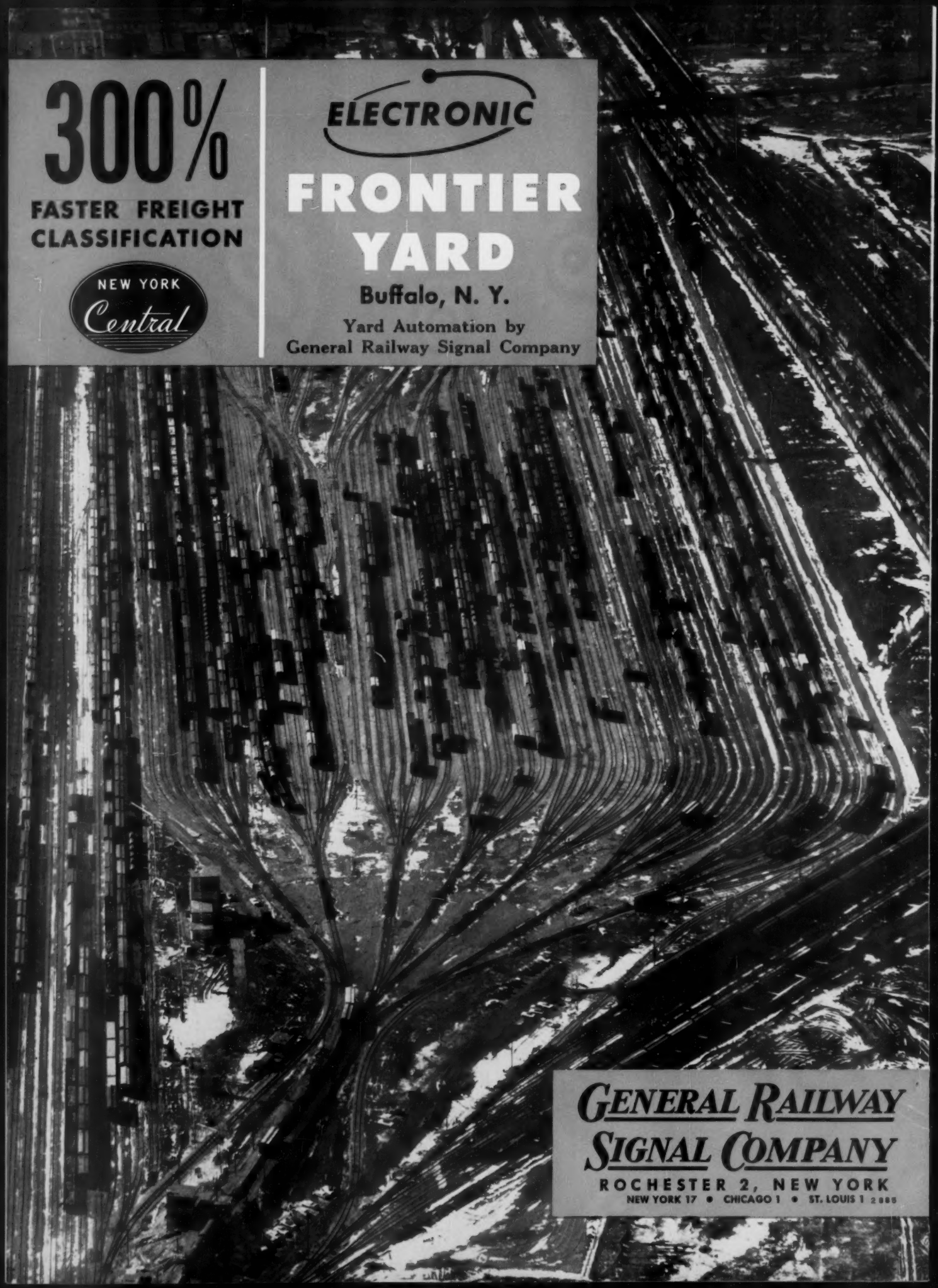
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